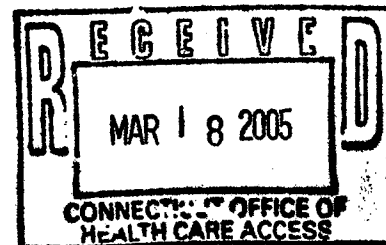




LEVETT ROCKWOOD

P.C.

Attorneys-at-Law



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DIRECT DIAL
(203) 222-3128

March 17, 2005

Via Federal Express

Commissioner Cristine A. Vogel
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
Hartford, CT 06134-0308

Re: St. Joseph's Family Life Center, LLC

Dear Commissioner Vogel:

This letter and the enclosed Form 2020 (*attached as Exhibit 1*) respectfully requests OHCA's determination that no Certificate of Need ("CON") is required for the closure by St. Vincent's Medical Center ("*St. Vincent's*") of the outpatient clinic operated by St. Joseph's Family Life Center, LLC (the "*Family Life Center*" or the "*Center*") located in Stamford, Connecticut. St. Vincent's intends to close the Family Life Center at the expiration of the Center's lease on November 29, 2005. St. Vincent's makes this request because St. Vincent's believes that the Center, which is structured as a professional private physician's practice, is not subject to CON requirements.

Background

A. *Establishment of Center*

The Office of Health Care Access authorized a Certificate of Need under Docket Number 98-503 ("CON") approving, among other things, the purchase by Stamford Health System, Inc. ("SHS") of St. Vincent's ownership interest in the former Saint Joseph's Medical Center ("*Saint Joseph's Hospital*"). Today, St. Vincent's remains involved with only one aspect of this CON – Stipulation #20 of the Agreed Settlement under Docket Number 98-503 ("*Agreed Settlement*") (*attached hereto as Exhibit 2*), which states:

"20) The establishment and operation of the Saint Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly-owned subsidiary of SVMC [St. Vincent's]. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and children and will be located at 587 Elm Street in Stamford. Saint Joseph Family Life Center, Inc., which will be a wholly-owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic."

As a significant part of the consideration paid by SHS for the purchase of St. Vincent's ownership interest in Saint Joseph's Hospital and in connection with other arrangements between the parties, SHS provided \$3,000,000 to St. Vincent's, to be used in St. Vincent's discretion, to support the mission of serving the poor and underserved. St. Vincent's has been using these funds to offset the costs of operating the Center although the use of these funds is not limited to this purpose. SHS also agreed to provide rent-free use and control of the premises located at 587 Elm Street in Stamford for the operation of the Family Life Center for the remainder of SHS' lease term which expires November 29, 2005.

The Family Life Center provides basic health screening, school and pre-employment physicals, health education and primary care services to indigents (primarily immigrants) in the Stamford community, principally those with no health insurance.

St. Vincent's initially operated the Center as a division of St. Vincent's, rather than as a subsidiary of St. Vincent's. By letter dated August 16, 2000 from OHCA to St. Vincent's (*attached hereto as Exhibit 3*), OHCA requested clarification as to why the Center was being operated as an outpatient department of the Hospital rather than as a subsidiary. St. Vincent's responded to OHCA, by letter dated September 28, 2000 (*attached hereto as Exhibit 4*), that the Family Life Center was at that time operating as a satellite clinic, but that a separate legal entity, St. Joseph's Family Life Center, LLC, was being established to operate the Center. The response also indicated that the new legal entity would be providing services under individual physician licenses. As St. Vincent's received no further correspondence from OHCA on this matter, St. Vincent's understood that OHCA accepted that the Center would be operated as a physician's practice.

St. Vincent's had explored what would be the best and most efficient way to operate the Center. If St. Vincent's had established the Family Life Center as a subsidiary corporation, or if it continued to operate under the general hospital license, the Family Life Center would have had to meet rigid federal and state guidelines including, without limitation, physical facility requirements, establishment of a separate governing board, maintenance of a professional staff of at least three members and adoption of medical staff bylaws, and would also have been subject to

a number of requirements for free-standing facilities, such as EMALTA obligations, all of which would be burdensome for a facility providing limited services with limited funds. It was determined that a separately licensed outpatient clinic would require expensive overhead and other expenses that would utilize limited funding and create unnecessary burdens on the Center. Accordingly, the Family Life Center was established as a professional limited liability company, nominally owned by a physician employed by SVMC. As a limited liability company, physicians would provide services under their individual licenses rather than under a hospital license.

B. *Current Operations and Reasons for Closure*

On December 1, 1995, St. Vincent's Development, Inc. (a sister corporation of St. Vincent's) entered into a Sublease Agreement to lease the premises at 587 Elm Street in Stamford, Connecticut, that is currently occupied by the Family Life Center ("*Cove Sublease*"). The Cove Sublease terminates on November 30, 2005. St. Vincent's Development has no option to renew the Cove Sublease. The leased space covered by Cove Sublease was subsequently subleased to SHS, which is currently the primary obligor under the Cove Sublease. SHS' sublease terminates on November 29, 2005. Pursuant to the agreements between SHS and St. Vincent's, SHS subleases the space to the Family Life Center for an annual rent of \$1.00 per year. The Center has no legal right to remain at this location beyond the end of this lease term.

The Center currently employs a full-time Executive Director, 1.5 FTE Advanced Practice Nurses, a 20-hour/week Intake/Case Management Worker, 1 FTE Clerk Registrar, a half-time Parish Nurse Coordinator, and a ten-hour/week Medical Director/Advisor. All patients seen at the Center are uninsured and/or undocumented and not eligible for any state or federal entitlement programs.

The Family Life Center receives limited income and has operated at a loss since its inception. The Center's annual operating costs are approximately \$400,000, which includes about \$350,000 for salaries and benefits. As noted, SHS provides approximately \$204,000 annually for rent, but its obligation to cover rental costs ends when the Cove Sublease ends on November 30, 2005. To cover its losses, St. Vincent's has utilized both principal and interest of the \$3,000,000 provided by SHS in connection with acquisition of St. Joseph's Hospital described above.

To continue operations of the Center beyond the current lease term would cause considerable additional expense to St. Vincent's since it would have to absorb all rental costs and relocate. The agreement between SHS and St. Vincent's to establish the Center did not place an obligation on St. Vincent's to operate the Center indefinitely. St. Vincent's believes that other resources in the Stamford community will be able to continue the services provided by the Center (please see description in Plan of Transition below).

St. Vincent's also believes its resources would be better utilized in the community it primarily serves – the greater Bridgeport area. While St. Vincent's recognizes the needs of the Stamford community, the City of Bridgeport is perhaps the poorest community in the state and the needs of its indigents are tremendous. St. Vincent's Hospital has and will continue to serve this indigent population. In a time of limited resources experienced by virtually all hospitals in the State of Connecticut, St. Vincent's believes it needs to devote its limited resources to the community in which it is located.

C. *Plan of Transition*

Notwithstanding St. Vincent's desire to terminate the operations of the Family Life Center, it has a Plan of Transition, the goal of which is to ensure that Center's patients can continue to receive the basic health services offered by the Center.

Currently, the Center has medical records for 3,200 patients. Of these, 350 patients are regular patients. The Plan of Transition includes:

- Identifying each regular patient, and developing a task list for each patient that will include all steps that the Center will follow so that patients are transitioned to other health care providers properly. The identification and task lists are targeted for completion by March 20, 2005. Two individuals at the Center have been assigned responsibility for this task.
- Identification of other potential sponsors in the community for the Center's patients, including the Knights of Malta and the Knights of Columbus.
- Identification of other primary healthcare providers, including the Stamford Federally Qualified Health Center ("SFQHC"), AmeriCares Free Mobile Health Center and clinics operated by SHS. SFQHC and SHS clinics receive some federal funding for the care of uninsured patients. The Center plans to make site visits to these providers by March 30, 2005.
- Send communication letter to the Center's patients regarding the pending closure, and organize a provider fair for patients in May 2005.
- Prepare consents for release of patient records to patient's selected provider, and copy records for new provider. Storage of original records at St. Vincent's.
- Prepare a notice by June 15, 2005 to all patients regarding closure of the Center, with a list of the patients' community options.

- Meet with community leaders to explain the Plan of Transition, including local churches, civic leaders and the press.

St. Vincent's is also expanding its Parish Nurse Program. This Program locates nurses in a parish to provide basic medical screening and health education services to members of that parish. St. Vincent's intends to secure a principal site for the Parish Nurse Program at a Stamford church, identify churches in Stamford in need of the Program, and recruit and train additional nurses for the Program. Sr. Mary Jean Tague is in charge of this expansion.

Reason for Request

Center Not Subject to OHCA Requirements

While the Family Life Center was initially approved by OHCA as part of a large CON involving the reconfiguration of health services in Stamford, the Center's current operations as a professional limited liability company are not subject to OHCA requirements.

Section 19a-638(a)(3) of OHCA statutes states that each "health care facility or institution" which intends to terminate a health service offered by the facility or institution shall submit to OHCA a request for such termination. A "health care facility or institution" is defined under Section 19a-630(1) to be "any facility or institution engaged primarily in providing services for the prevention, diagnosis or treatment of human health conditions . . ." This definition has historically not included physician practices, and such practices are not regulated by OHCA.

St. Vincent's is a "health care facility or institution" governed by OHCA. The definition of a health care facility or institution also includes its "subsidiaries" or "affiliates". The Family Life Center is not a subsidiary of St. Vincent's, as a physician employed by St. Vincent's owns its membership interest. While St. Vincent's "controls" the Family Life Center through contractual provisions in the Center's Operating Agreement and pursuant to employment arrangements with the physician-owner, the Center does not fall within the definition of "affiliate" as set forth in Section 19a-630a of the OHCA statutes, which states that *for purposes of determining whether or not a CON must be filed*, an "affiliate" is:

"...any health-care-related person who directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with, another health-care-related person.

...For purposes of this section, "health-care-related person" means an entity that is licensed by a state agency to provide direct patient

March 17, 2005

care services for the prevention, diagnosis or treatment of human health conditions."

As a professional physician practice, the Family Life Center is not required to be separately licensed by the Connecticut Department of Public Health – rather, the individual physicians employed at the Center are licensed by DPH. Therefore, the Center is not a "health-care-related person" because it is not an entity that is licensed by a state agency to provide direct patient care services. Accordingly, we respectfully submit that the Family Life Center is not subject to CON requirements and that a CON is not needed to terminate its operations.

Conclusion

To conclude, St. Vincent's respectfully requests a determination by OHCA that the closure of the Family Life Center is not subject to CON requirements.

Respectfully submitted,

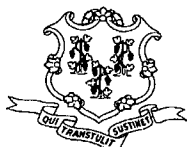
LEVETT ROCKWOOD P.C.,
COUNSEL FOR ST. VINCENT'S
MEDICAL CENTER

By: Debra R. Cardinali
Debra R. Cardinali

DRC:mmm
Enclosures

cc: Susan L. Davis, RN, Ed.D. (w/encl.)
President and Chief Executive Officer

Peter H. Struzzi, Esq.



**State of Connecticut
Office of Health Care Access
CON Determination Form
Form 2020**

All persons who are requesting a determination as to whether a CON is required for a proposed project must complete this form. Completed forms should be submitted to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If more than 2 Petitioners, please attach a separate sheet of paper and provide additional information in the format below:

	Petitioner	Petitioner
Full legal name	St. Vincent's Medical Center	
Doing Business As	St. Vincent's Medical Center	
Name of Parent Corporation	St. Vincent's Healthcare Systems, Inc.	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	2800 Main Street Bridgeport, CT 06606	
Petitioner type (e.g., P for profit and NP for Not for Profit)	NP	
Name of Contact person, including title	Debra R. Cardinali, Esq. Outside Counsel	
Contact person's street mailing address	Levett Rockwood P.C. 33 Riverside Avenue Westport, CT 06880	
Contact person's phone, fax and e-mail address	Phone: 203-222-3128 Fax: 203-226-8025 dcardinali@levettrockwood.com	

SECTION II. GENERAL PROPOSAL INFORMATION

- a. Proposal/Project Title:
Discontinue St. Joseph's Family Life Center
- b. Location of proposal (Town including street address):
287 Elm Street, Stamford, Connecticut
- c. List all the municipalities this project is intended to serve:
Stamford, Connecticut
- d. Estimated starting date for the project:
November 29, 2005
- e. Type of Entity: (Please check *E* for Existing and *P* for Proposed in all the boxes that apply)

<input type="checkbox"/> <input type="checkbox"/> E P	<input type="checkbox"/> <input type="checkbox"/> E P	<input type="checkbox"/> <input type="checkbox"/> E P
<input type="checkbox"/> <input type="checkbox"/> Acute Care Hospital	<input type="checkbox"/> <input type="checkbox"/> Imaging Center	<input type="checkbox"/> <input type="checkbox"/> Cancer Center
<input type="checkbox"/> <input type="checkbox"/> Behavioral Health Provider	<input type="checkbox"/> <input type="checkbox"/> Ambulatory Surgery Center	<input type="checkbox"/> <input type="checkbox"/> Primary Care Clinic
<input type="checkbox"/> <input type="checkbox"/> Hospital Affiliate	<input type="checkbox"/> <input type="checkbox"/> Other (specify): Professional Limited Liability Company, controlled by Petitioner	

SECTION III. EXPENDITURE INFORMATION

- a. Estimated Total Capital Expenditure/Cost: \$0
- b. Please provide the following breakdown as appropriate: (may not represent the aggregate shown above)

New Construction/Renovations	\$
Medical Equipment (Purchase)	
Imaging Equipment (Purchase)	
Non-Medical Equipment (Purchase)	
Sales Tax	
Delivery & Installation	
Total Capital Expenditure	\$
Fair Market Value of Leased Equipment	
Total Capital Cost	\$0

Major Medical and/or imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit

Note: Provide copy of contract with vendor for medical equipment.

c. Type of financing or funding source:

- ☐ Operating Funds ☐ Lease Financing ☐ Conventional Loan
☐ Charitable Contributions ☐ CHEFA Financing ☐ Grant Funding
☐ Funded Depreciation ☐ Other (specify): _____

SECTION IV. PROPOSAL DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

1. Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
2. What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
3. Will you be charging a facility fee?
4. Who is the current population served and who is the target population to be served?
5. Who will be providing the service?
6. Who are the payers of this service?

SECTION V. AFFIDAVIT

Applicant: St. Vincent's Medical Center

Project Title: Discontinue St. Joseph's Family Life Center

I, Susan L. Davis, Chief Executive Officer
(Name) (Position – CEO or CFO)

of St. Vincent's Medical Center being duly sworn, depose and state that the
information provided in this CON Determination form is true and accurate to the best of my
knowledge, and that St. Vincent's Medical Center complies with the appropriate
(Facility Name)

and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-
486 and/or 4-181 of the Connecticut General Statutes.

Susan Davis March 15, 2005
Signature Date

Subscribed and sworn to before me on MARCH 15, 2005

Dolores Mule
Notary Public/Commissioner of Superior Court

My commission expires: May 31, 2006

Project Description

St. Vincent's Medical Center ("St. Vincent's") desires to close the St. Joseph's Family Life Center (the "Center") on November 29, 2005, the date the Center's lease terminates. The Center provides basic health screening, school and pre-employment physicals, health education and primary care services to indigents (primarily immigrants) in the Stamford community with no health insurance. It also subleases a portion of its space to (i) the Dental Center in Stamford, a privately funded clinic, and (ii) the Parish Nurse Program, originally operated by St. Joseph's Medical Center, and transferred to St. Vincent's Medical Center. The Dental Center pays the Center no rent, but pays 40% of the cost of utilities at the premises. The Parish Nurse Program will be continued and expanded by St. Vincent's following closure of the Center.

The Center operates as a physician's professional practice under the licenses of the physicians employed by the Center. As a professional limited liability company, the Center is not required to have a license from the Connecticut Department of Public Health.

Currently, the Center receives little reimbursement from patients, as the Center's patients are typically indigents (primarily immigrants), without health insurance or access to any federal health care programs. The Center's operations were initially funded with \$3,000,000 provided by Stamford Health Systems, Inc. ("SHS") as part of the consideration in connection with the purchase by SHS of St. Vincent's ownership interest in St. Joseph's Medical Center, and as part of a CON approved by OHCA (Docket No. 98-503). St. Vincent's pays all operating costs of about \$400,000 per year, while SHS provides rent of \$204,000 per year. St. Vincent's has been utilizing the \$3,000,000 to cover its expenses in operating the Center. SHS' obligation to provide rent terminates when the Center's present lease terminates on November 30, 2005.

St. Vincent's has a Plan of Transition to transfer all patients to other providers in the Stamford community prior to the Center's closure at the end of November 2005. This Plan of Transition is described in detail in St. Vincent's cover letter submitted with this Form 2020.



STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

IN THE MATTER OF:

The Stamford Hospital
Stamford Health System, Inc.
Saint Joseph Medical Center, Inc.
Saint Vincent's Medical Center
Saint Vincent's Health Service Corporation

Docket Number: 98-503
October 30, 1998

AGREED SETTLEMENT

WHEREAS, The Stamford Hospital (TSH), Stamford Health System, Inc. (SHS), Saint Joseph Medical Center, Inc. (SJMC), Saint Vincent's Medical Center (SVMC), Saint Vincent's Health Service Corporation (SVHS), together referred to herein as Applicants, all non-profit health care facilities or institutions as defined in Section 19a-630 of the Connecticut General Statutes (C.G.S.), as amended by Section 1 of Public Act 98-150, filed a Certificate of Need (CON) application with the Office of Health Care Access (OHCA) on May 29, 1998 under Docket Number 98-503, pursuant to Sections 19a-638 and 19a-639, C.G.S., as subsequently amended by Sections 2 and 3, respectively, of Public Act 98-150; and

WHEREAS, the CON application is for a reconfiguration of health services in Stamford through a change of ownership and control of SJMC from SVHS and SHS entirely to SHS, a termination of acute care services at the SJMC campus, the new construction of an outpatient services center by SHS and TSH, renovations and new construction to TSH's main campus, renovations to SVMC's main campus; the establishment of new rehabilitation services by TSH and the relocation of the rehabilitation services of SJMC to the SVMC campus, at a capital expenditure of \$110,734,514, which does not include capitalized financing costs, plus \$8,108,000 in capitalized financing costs, for a total capital expenditure of \$118,842,514; and

WHEREAS, the CON application as filed with OHCA on May 29, 1998 includes the following major project components:

- The purchase of SVHS's membership interest in SJMC by SHS.;
- The termination of acute care services at the SJMC campus at 128 Strawberry Hill Avenue in Stamford;
- A capital expenditure exceeding statutory thresholds for the complete replacement by SHS of the physical plant which is currently SJMC through construction of a new outpatient services center;

An Equal Opportunity Employer

- A capital expenditure exceeding statutory thresholds for renovations and new construction on TSH's campus;
- A capital expenditure exceeding statutory thresholds for renovations at SVMC campus;
- The establishment of inpatient rehabilitation services consisting of a 12 bed unit by TSH and at TSH campus in Stamford;
- The relocation of 18 of SJMC's inpatient rehabilitation beds to the SVMC campus in Bridgeport to be operated by SJMC under its acute care hospital license;
- The acquisition of imaging equipment (cardiac catheterization equipment) exceeding statutory thresholds by TSH;
- The relocation of the existing services of Stamford Surgical Center, a subsidiary of SHS, from its existing Summer Street location to the proposed outpatient services center;
- The relocation of the existing diagnostic imaging services of Health Services of Stamford, a subsidiary of SHS, from its existing Summer Street location to the proposed outpatient services center; and
- The acquisition of imaging equipment (MRI unit) exceeding statutory thresholds by TSH; and

WHEREAS, the sources and the proposed uses of the total proposed capital expenditure of \$118,842,514 is as follows:

PROJECT FUNDS USES AND SOURCES

<u>Project Funding Uses</u>	<u>Project Funding Sources</u>
SHS Outpatient Services Center \$59,425,178	State of Connecticut Health and Educational Facilities Authority (CHEFA) Bonds Series G (Fixed) by TSH of \$51,355,000
TSH New Construction and Renovations \$41,574,822	CHEFA Bonds Series H (Variable) by TSH of \$29,275,000
SHS purchase of SJMC \$7,000,000	CHEFA Bonds Unused Series F by TSH \$6,261,524
SVMC Renovations for SJMC's Rehabilitation Unit relocation \$2,760,000	SVMC Equity Contribution \$2,760,000
Capitalized Financing Costs \$8,108,000	SHS Equity Contribution of \$23,000,000
Project Rounding \$(25,486)	Interest Earned Construction Funds \$6,190,000
Total Proposed Project Capital Expenditure \$118,842,514	Total Project Funding Sources \$118,842,514

WHEREAS, the proposed total capital expenditure is delineated in further detail in Attachment I, herein; and

WHEREAS, there is no default date for the CON application under Docket Number 98-503 pursuant to Section 19a-638 and 19a-639, C.G.S., as amended by Public Act 98-150; and

WHEREAS, the proposed new outpatient services center at the Strawberry Hill location will include a wellness and lifestyle change / fitness center, ambulatory and diagnostic care services, including cardiac, orthopedic and pulmonary rehabilitation services (including sleep lab), a 6 operating room ambulatory surgical center, outpatient mental health services, endoscopy, infusion therapy, wound care and pain management services and educational and research services and will further include a 208 car parking structure; and

WHEREAS, the proposed five floor building to be constructed on TSH's main campus will include inpatient and outpatient maternal and obstetrical services, including birthing education and neonatal intensive care, and an intensive care unit, and will be named the Specialty Care Pavilion; and

WHEREAS, the Specialty Care Pavilion will have its own entrance and will be physically linked to the existing facility; and

WHEREAS, the current licensed beds by service category for TSH, SJMC and SVMC are as follows:

Current licensed beds by service category			
	TSH	SJMC	SVMC
Adult Medical/Surgical	214	185	295
ICU/CCU	14	12	25
Exempt Psychiatry	25	0	16
Maternity	32	13	28
Newborn Bassinets	17	25	32
NICU	8	0	0
Exempt Rehabilitation	0	30	0
Pediatrics	20	20	27
Total excluding newborn bassinets	313	260	391
Total including newborn bassinets	330	285	423

; and

WHEREAS, existing and planned licensed bed distribution for inpatient maternity services in Stamford are as follows:

	<u>TSH</u> <u>existing</u>	<u>TSH</u> <u>proposed</u>	<u>SJMC existing</u>	<u>SJMC</u> <u>proposed</u>
Labor and Delivery Suites	6	12	4	0
Post-Partum Care Beds	32	32	13	0

; and

WHEREAS, TSH currently has 14 beds located in its intensive care unit (ICU) and SJMC has 12 beds located in its ICU and TSH proposes to located 12-14 licensed beds in its new ICU located in the Specialty Care Pavilion; and

WHEREAS, SJMC and TSH combined currently have 26 ICU beds in service with a combined average daily census of 17; and

WHEREAS, SJMC had an average daily census of 47 for its total inpatient services for year to date ending 7/31/98; and

WHEREAS, for the 10 month period from October, 1997 through July, 1998, SJMC experienced a loss from operations of \$3,825,683 and had a decrease in cash and cash equivalents of \$4,412,993; and

WHEREAS, the Applicants project that through both the CON application for reconfiguration of services in Stamford and through a planned reengineering program for TSH and SHS, approximately \$40,000,000 of operating costs will be taken out of the healthcare system in Stamford by Fiscal Year 2002; and

WHEREAS, the CON application initially included a reconfiguration of inpatient psychiatric services; however, this component of the project, as proposed, was reconsidered by the Applicants and withdrawn prior to the application being deemed complete; and

WHEREAS, TSH proposes to establish a 20 bed Step Down unit in an existing but unused medical/surgical unit on the 4th floor of the Main building and the establishment of this unit will allow for the immediate transition of medical/surgical patients from SJMC to TSH; and

WHEREAS, the Step Down unit is designed to create a level of care which is intermediate in staffing intensity between the ICU and the general medical/surgical units; and

WHEREAS, the proposed Step Down unit will be designed to accommodate a wide range of uses including ventilator patients, dialysis patients and telemetry patients; and

WHEREAS, the Applicants proposed in the CON application, that SJMC would continue to hold its acute care hospital license and its 30 existing rehabilitation beds until the closing date of the purchase agreement and at closing, the license for 12 of the 30 beds would be transferred to TSH and the license for 18 of the 30 beds would be relocated to the SVMC but operated by SJMC under its hospital license; and

WHEREAS, the Applicants indicate that the location of rehabilitation beds at both TSH and SVMC campuses would improve access to inpatient rehabilitation services at both these locations and improve the physician's and hospitals' ability to manage care, thus improving continuity of care provided to patients at these locations; and

WHEREAS, a majority of the existing rehabilitation beds at SJMC, which are proposed to be relocated to TSH and SVMC, are used for stroke victims; and

WHEREAS, the Department of Public Health indicated that, in accordance with state statute, a license is not transferable or assignable and, as such, SJMC's acute rehabilitation unit cannot be relocated to St. Vincent's campus and continue to operate under SJMC's current license; and

WHEREAS, upon completion of the project as proposed, OHCA has determined that SJMC would not meet the statutory definition of a short term General Hospital which would be required to have facilities, medical staff and all necessary personnel to provide diagnosis, care and treatment of a wide range of acute conditions, including injuries; and

WHEREAS, all TSH outpatient rehabilitation services are currently provided at and by the Easter Seal Rehabilitation Center and all comprehensive outpatient therapy services (more than one type of service) will continue to be sent to that provider with less involved cases being sent to the proposed outpatient services center at the Strawberry Hill location; and

WHEREAS, SHS and its corporate affiliates currently operate two MRIs: one at TSH's main campus and a recently authorized MRI owned and operated by Health Services of Stamford, Inc., a subsidiary of SHS, at a new outpatient diagnostic imaging center in Darien; and

WHEREAS, the Darien MRI site commenced operations on April 27, 1998 and is therefore, not operating at full capacity; and

WHEREAS, currently SJMC performs cardiac catheterization procedures in a dedicated cardiac catheterization laboratory and special procedures in a dedicated special procedures laboratory and TSH performs both cardiac catheterization and special procedures in one joint use laboratory; and

WHEREAS, TSH and SHS propose to establish a dedicated cardiac catheterization laboratory and a dedicated special procedures laboratory on TSH main campus and a joint use cardiac catheterization/special procedures laboratory at the proposed outpatient services center at the Strawberry Hill location; and

WHEREAS, SJMC and TSH cardiac catheterization volume combined is approximately 55% outpatient and 45% inpatient; and

WHEREAS, the Applicants propose the establishment of the Saint Joseph Family Life Center in order to provide non-medical/spiritual services as well as medical services, including dental services, in the form of a primary care clinic for adults and children at 587 Elm Street in Stamford; and

WHEREAS, the Applicants proposed in the CON application that the operation of the planned Saint Joseph Family Life Center will be included under SJMC's existing acute care hospital license rather than seeking an outpatient clinic license; and

WHEREAS, the services proposed to be provided at the Family Life Center will be targeted at the poor and underserved population of the Stamford area; and

WHEREAS, SHS will provide the property at 587 Elm Street in Stamford to SVHS rent free for the proposed Family Life Center; and

WHEREAS, SHS will build and/or fit-up the space and lease it to SJMC for the Family Life Center on a long-term lease and in addition, SHS will at the time of closing provide a \$3,000,000 grant to support the Family Life Center, such grant to be deposited into a dedicated fund controlled by SVHS; and

WHEREAS, SJMC currently experiences approximately 16,000 visits to its emergency department annually, a majority of which are walk-ins appropriate for urgent care level services; and

WHEREAS, SHS proposes to establish and operate an urgent care center at the proposed outpatient services center which is proposed to provide seven days a week, 17 hour a day care (7:00 AM to 12:00 midnight) on a walk in basis for basic urgent care services and which will be staffed by an emergency department certified physician; and

WHEREAS, the proposed urgent care center will not be used for emergent care, such as major trauma, heart attacks, stroke, etc. which will be cared for in TSH's emergency department; and

WHEREAS, TSH will conduct a public information campaign through various means, geared towards residents of the area, which will clarify where residents should go for various types of urgent and emergent care services; and

WHEREAS, SHS and SVHS jointly own and control SJMC; and

WHEREAS, SHS and SVHS entered into a Hospital Operating agreement in January, 1997 which provided for the continuing operation of SJMC and SJMC's integration into the Stamford Health System; and

WHEREAS, SHS proposes to buy-out SVHS's ownership share in SJMC and as a result of the buy out, SHS will be in control of all assets, liabilities and obligations of SJMC as of the Closing Date of the Buy-Out or purchase agreement; and

WHEREAS, upon execution of the purchase agreement, SJMC will transfer to SHS all of the land and improvements located on SJMC's campus (including the right to receive funds from estates and trusts); and

WHEREAS, SHS proposes to terminate its interest in the ownership and control of SJMC as a legal entity as of the closing date, including transferring its membership interest in SJMC to SVHS and thereafter, SJMC is proposed to operate as a separate entity owned and controlled by SVHS under the sponsorship of the Daughters of Charity of St. Vincent DePaul; and

WHEREAS, the Applicants propose to relocate the 6 operating room outpatient surgical suite from the Stamford Surgical Center (SSC) to the Strawberry Hill location which are both approximately 1.5 miles traveling distance from TSH; and

WHEREAS, SSC currently operates from 7:00 a.m. to 4:30 p.m., and the proposed hours of operation at the Strawberry Hill location are 7:00 a.m. to 4:00 p.m. with expanded hours if needed; and

WHEREAS, SSC has been in existence for 8 years with physicians from the community providing the same discrete core of ambulatory surgical procedures (endoscopy, ophthalmological, minor surgery, etc.) being proposed at the Strawberry Hill location and performing approximately the same number (4,500) of outpatient surgical procedures as TSH; and

WHEREAS, the Applicants state that the patient and/or physician currently have and will continue to have the choice of location of the outpatient surgical procedure to be performed; and

WHEREAS, TSH and SVMC will request a net revenue limit adjustment specific to this CON proposal; and

WHEREAS, Bridgeport Hospital, an existing provider of inpatient rehabilitation services located in Bridgeport Connecticut, applied for and was granted intervenor status in the proceeding under Docket Number 98-503 specifically related to inpatient rehabilitation services in the Greater Bridgeport area; and

WHEREAS, Gaylord Hospital, an existing provider of inpatient rehabilitation services located in Wallingford, Connecticut, applied for party status which was denied by OHCA and Gaylord Hospital was granted intervenor status in the proceeding under Docket Number 98-503 specifically related to inpatient rehabilitation services in the Greater Bridgeport area; and

WHEREAS, on July 30, 1998 and continued on August 20, 1998 and September 17, 1998, OHCA held a public hearing regarding the CON application as a contested case, pursuant to the provisions of the Uniform Administrative Procedure Act (Chapter 54) and Sections 19a-638 and 19a-639, C.G.S., as amended; and

WHEREAS, OHCA has reviewed the CON application, pursuant to Sections 19a-638 and 19a-639, C.G.S., as amended, and has fully considered the principles and guidelines set forth in Section 19a-637, C.G.S., in its review; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is unrelated to the most recent State Health Plan; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is consistent with SHS's current long range strategic plan; however, SVMC or SVHS long range plans are not addressed in the Applicants' CON proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, appears to be financially feasible and appears to have no adverse impact on any of the Applicants' respective financial conditions; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is consistent with the interests of consumers of health care services and the payers for such services; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants and their corporate affiliates to improve the services currently offered, thereby improving the quality of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to maintain the current level of accessibility of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to maintain the cost-effectiveness of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, demonstrates a clear public need for the proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, appears to demonstrate that the Applicants have sufficient technical, financial and managerial competence to provide efficient and adequate services to the public; and

WHEREAS, the Applicants CON proposal, as modified by OHCA herein, will allow the Applicants to cover the proposed capital expenditure; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to cover the incremental operating expenses related to this proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will not impact the teaching responsibilities of the Applicants; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will enhance SHS's research responsibilities as the proposed outpatient services center will include a research institute component; and

WHEREAS, the Applicant's CON proposal, as modified by OHCA herein, presents no evidence concerning the proportionate number of patients of different types and physicians or health care practitioners of different types, that differentiates the Applicants from otherwise similar providers; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, presented information that the Applicants have committed themselves to making voluntary efforts in improving productivity and containing costs; and

WHEREAS, Section 4-177(c), C.G.S., provides that unless precluded by law, a contested case may be resolved by agreed settlement; and

WHEREAS, both OHCA and the Applicants wish to resolve their differences regarding this CON application.

NOW, THEREFORE, the Office of Health Care Access (OHCA) and The Stamford Hospital (TSH), Stamford Health System, Inc. (SHS), Saint Joseph Medical Center, Inc. (SJMC), Saint Vincent's Medical Center (SVMC), Saint Vincent's Health Service Corporation (SVHS), together referred to herein as Applicants, hereby stipulate and agree to the terms of settlement with respect to the Applicants' request for a Certificate of Need (CON) under Docket Number 98-503, as follows:

- 1) The Applicant's request for a CON as proposed under Docket Number 98-503 is hereby modified and approved by OHCA pursuant to the following stipulations.
- 2) SHS is granted authorization to purchase SVHS's membership interest in SJMC at a project component capital cost of \$7,000,000.
- 3) According to the Department of Public Health, an acute care hospital license is not transferable or assignable. As such, the Applicant's request to relocate 18 of SJMC's 30 bed rehabilitation unit to the SVMC campus to be operated under the SJMC acute care license is denied.
- 4) The Applicants are not authorized to continue the operation of SJMC under an acute care hospital license and must surrender such acute care hospital license.
- 5) The request to terminate acute care hospital services on the SJMC campus (Strawberry Hill campus) and for SHS to construct and establish an outpatient services center at the Strawberry Hill campus is approved. The following service components will be located at this site: Ambulatory Surgical Center with 6 Operating Rooms, Day Medicine Center, Diagnostic Imaging Center without Magnetic Resonance Imaging Services, Urgent Care Center, Family Medicine Center, Corporate Health Center, Cardiac Diagnostic and Rehabilitation Center without the joint Cardiac Catheterization/Special Procedures Laboratory Services, Ambulatory Rehabilitation Center, Behavioral Health Center, Wellness and Lifestyle Change Center, Research Institute, Physician Practice Suites and SHS Administrative Offices. In addition, the Applicants are authorized to locate a parking structure on this campus.
- 6) TSH and SHS are authorized to construct the new outpatient services center with appropriate physical space (in terms of square footage and layout) for both Cardiac Catheterization/Special Procedures and Magnetic Resonance Imaging (MRI) services. SHS or its affiliates are not authorized to purchase, lease or install equipment related to these two functions in the new outpatient services center or to commence cardiac catheterization/ special procedures or MRI services at the outpatient services center. The total capital expenditure is reduced by \$1,050,000 to reflect the denial of any purchase acquisition or installation of this equipment. TSH is not prohibited from filing a separate Certificate of Need application for equipment related to either or both of these services for the new outpatient services center, but the Applicants agree that it shall not be earlier than December 31, 1999.

- 7) TSH is granted authorization to construct a new five floor building on TSH's main campus which will consist of maternal and obstetrical services, including birthing education and neonatal intensive care, and an intensive care unit, and will be named the Specialty Care Pavilion. TSH is also granted authorization to perform the proposed renovations on TSH's campus.
- 8) SVMC is not authorized to perform any renovations related to the establishment of a inpatient rehabilitation unit on its campus and the total proposed capital expenditure is reduced by \$2,760,000 for this project component.
- 9) The capital expenditure for all components of the CON project is hereby modified and approved at \$106,950,000, which does not include capitalized financing costs, plus \$8,108,000 in capitalized financing costs, for a total capital expenditure of \$115,058,000. The authorized capital expenditure does not include the renovation of space on the SVMC campus or the purchase of cardiac catheterization/special procedures equipment or a magnetic imaging unit for the authorized outpatient services center at the Strawberry Hill location. The sources of funding for the approved capital expenditure including the purchase of SVMC's ownership interest in SJMC by SHS for \$7,000,000 is an equity contribution of \$53,950,000 and debt financing of \$61,108,000. Short term financing of a portion of the equity contribution is allowed until such time as the full equity contribution can be raised through fund raising.
- 10) The existing 30 bed inpatient rehabilitation unit at SJMC will be operated during the transition period of approximately 30 months within the SJMC's Marion Pavilion at a level of 24 licensed beds. TSH will seek a license from DPH as a chronic disease facility licensed for 24 beds for the operation of these beds during this transition period. At the end of the transition period, TSH will surrender its Chronic Disease Facility license.
- 11) TSH is granted authorization to establish and operate a 12 bed rehabilitation unit upon completion of the transition period. This unit will be located on South building, 3rd floor. TSH agrees that it will decertify 5 beds from its existing bed complement in order to establish this dedicated rehabilitation unit.
- 12) TSH agrees that it will not provide inpatient rehabilitation services to patients meeting the following criteria:
 - a) Brain Injury patients at or below Rancho Los Amigos Level V
 - b) Brain Injury patients at Ranchos Los Amigos Levels 6 or 7 who require any specialized services such as academic therapy, psychological services, vocational services, neuropsychological services, chemical dependency services or transitional living services; and
 - c) Patients with complete or incomplete spinal cord injury impairment.

13) The Applicants' request for the establishment of a Step Down unit at TSH as described in the CON application is modified and approved as the establishment of a Special Care Unit (SCU). The SCU will be located on a provisional basis on the Fourth Floor of the Main Building of TSH and will be allowed to operate during the project's transition period of approximately 30 months. The SCU will be utilized by TSH to provide care for patients requiring more nursing care than the general patient population but less nursing care than is required by an intensive care patient. TSH agrees to file the following utilization data to OHCA twice a year during this transition period.

- a) Number of admissions to the SCU, by DRG or diagnosis;
- b) Number of admissions to the SCU from the ICU and the average length of stay in the SCU;
- c) Number of admissions to the SCU from the Surgical Department and the average length of stay in the SCU;
- d) Number of admissions to the SCU from the Emergency Department and the average length of stay in the SCU;
- e) Number of patients which were transferred to the ICU from the SCU; and
- f) Number of admissions to the ICU by DRG or diagnosis and average length of stay.

(no specific confidential patient identifiers should be submitted)

This information shall be filed within thirty (30) days subsequent to the opening of the SCU and thereafter every six (6) months for the transition period.

14) TSH agrees that no later than six months prior to the expected opening of the new ICU in the authorized new addition, the Hospital will make its final submission of utilization data to OHCA and OHCA will review the aggregated utilization data received during the 2 year period and make a determination regarding the following:

- a) Whether the continuing operation of the SCU is necessary;
- b) Whether the SCU should remain at 20 beds;
- c) Whether the SCU should remain at the Main Four location;
- d) Whether the Hospital should operate an ICU related Step Down unit in conjunction with or in place of the SCU and if so:
 - i) How many beds it should contain; and
 - ii) Where it should be located.

- 15) TSH further agrees that it shall reserve the existing ICU space on Center building 2nd floor for purposes of OHCA's determination in this matter as to the final disposition of the SCU and any Step Down unit needs of TSH.
- 16) The Applicants agree that the operations of the Stamford Surgical Center and the Diagnostic Imaging Center will be entirely relocated from their current Summer Street locations in Stamford to the authorized outpatient services center. TSH agrees that elective outpatient surgery will continue to be provided and available at TSH's main campus operating rooms.
- 17) TSH agrees that patients who are clinically appropriate to receive surgical services at the new outpatient services center's ambulatory surgery program, will be supplied with written information sufficient for the patient to make an informed choice between TSH's ambulatory program at its main campus and the program at the outpatient services center.
- 18) TSH further agrees that it shall develop, in conjunction with its medical staff, literature containing information, including information on clinical appropriateness and cost/reimbursement issues including patient's co-payment. This literature shall be supplied to all physicians with privileges at the ambulatory surgery program at the outpatient services center, with instructions to those physicians to distribute such literature to all patients needing surgery who are clinically appropriate for the outpatient services center. Pre-surgical consent forms will contain an acknowledgement by the patient that his/her physician has supplied the literature necessary for the patient to make an informed consent as to the chosen site for surgical services.
- 19) TSH and SHS working with the respective medical and surgical residency training programs, agree to develop resident training protocols which require full integration of residents into all departments at the new outpatient services center where such training is consistent with such residency training programs.
- 20) The establishment and operation of the Saint Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and children and will be located at 587 Elm Street in Stamford. Saint Joseph Family Life Center, Inc., which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.
- 21) SJMC must terminate its services and surrender its license in accordance with a schedule to be agreed to by the Applicants and filed with OHCA no later than three weeks following the date of this CON authorization.
- 22) OHCA and the Applicants recognize that Stamford Health Systems will be in control of all assets, liabilities and obligations of SJMC as of the Closing Date of Buy-Out or purchase agreement between SHS and SVHS. Related to this are the following agreed upon stipulations:

- a) The Stamford Hospital agrees to meet all State of Connecticut reporting requirements for St. Joseph Medical Center related to financial and statistical data relating to all reporting periods on and subsequent to the last day of operation of St. Joseph Medical Center as an acute care general hospital.
 - b) Pursuant to Section 19a-671, C.G.S., the Office of Health Care Access shall advise the Commissioner of Social Services of the disposition of any disproportionate share payment settlement balance(s) remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital. The Applicants agree that any applicable final settlement(s) related to payment from the State of Connecticut to St. Joseph Medical Center implemented after the last day of operation of St. Joseph Medical Center as an acute care general hospital shall be payable to The Stamford Hospital if the settlement adjustment is a positive amount. If the settlement adjustment is a negative amount, the Applicants agree that any remaining balance(s) owed by St. Joseph Medical Center shall be paid by The Stamford Hospital in accordance with the normal recoupment process.
 - c) If the last day of operation of St. Joseph Medical Center as an acute care general hospital is prior to September 30, 1999, then pursuant to Section 19a-671, C.G.S., the Office of Health Care Access shall advise the Commissioner of Social Services of disposition of any disproportionate share interim payment balance remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital. The Applicants agree that any interim disproportionate share payments remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital shall be payable on an interim basis only to The Stamford Hospital for the remainder of the hospitals' fiscal year. All such interim payments transferred to The Stamford Hospital in accordance with such advice, shall be treated as and included in the total interim payments utilized for purposes of determining the final disproportionate share payment settlement for The Stamford Hospital for the applicable fiscal year.
- 23) The Applicants agree to file a full copy of the land and building covenant agreement with OHCA within thirty (30) days of execution.
- 24) TSH and SHS agree that a full range of women's services will continue to be provided on TSH's main campus.
- 25) TSH agrees that TSH will not increase its licensed bed capacity as a result of this authorized project.
- 26) The Applicants shall take all reasonable measures to ensure that the approved capital expenditure of \$106,950,000, which does not include capitalized financing costs, is not exceeded. In the event that the Applicants learn of potential cost increases or expect that final project costs will exceed those approved, the Applicants shall inform OHCA in writing of such cost increase. The Applicants shall file with OHCA, a request for approval of the revised project budget. The Applicants shall neither incur a financial obligation nor expend funds in excess of the maximum capital expenditure as approved by OHCA herein, nor

change the scope of the project without prior written approval from OHCA. Should the final capital expenditure be less than that amount approved by OHCA, the Applicants are expressly limited to the expenditure which is the lesser of \$106,950,000, which does not include capitalized financing costs or the actual project cost.

- 27) The Applicants agree that it will provide as a source of funds for the project, a minimum equity contribution of \$53,950,000. Any under expenditure of the approved capital expenditure of \$106,950,000, which does not include capitalized financing costs, will be specifically used to reduce the debt-financed portion of the project. The Applicants also agree that in the event that the actual capital expenditure exceeds this authorization, and in addition to the requirements of Stipulation 25 above, the Applicants will not request any long term debt financing increase to the sources of funding for the project.
- 28) Within sixty (60) days subsequent to completion of the project, the Applicants shall report the final project cost and total gross square footage of new construction and renovations to OHCA. The final project cost shall be reported in the format of **Attachment I** herein. In addition, SHS and TSH agree to file at project completion, a full and final equipment acquisition and reuse report demonstrating the cost and quantity of all equipment acquisitions and the reuse of existing equipment owned by SJMC.
- 29) The Applicants agree that total gross square footage broken down by location, by department/area and new versus renovated square footage shall be reported to OHCA within sixty (60) days of completion of the project. The Applicants further agree to file with the final gross square footage and of new construction and renovations, a cost per square foot listing for all services/departments as a result of the authorized project by new construction versus renovated cost per square foot.
- 30) SHS and TSH agree to file with OHCA, an actual revenue and expense statement in the format of **Attachment II** herein, which reflects the revenues and expenses specifically related to the project authorized herein. The fiscal years reflected should include FY 1999, FY 2000, FY 2001, FY 2002 and FY 2003 and shall be submitted to OHCA within sixty (60) days following the completion of each fiscal year. In addition, the Applicant agrees to file with OHCA in the same format and for the same time frame, an actual revenue and expense reduction statement related to the SHS's and TSH's current reengineering process.
- 31) The Applicants agree that the use of the contingency fund of \$7,092,791 related to the SHS and TSH new construction and renovations shall be restricted to expenses unforeseen at the time of the capital expenditure projections, and the notification of the use of such funds, exceeding \$250,000 per occurrence shall be submitted to OHCA within sixty (60) days of the incurrence of the expense. Unforeseeable expenses shall only be considered those expenses which are unexpected or unable to be anticipated at the time of this authorization.
- 32) TSH shall not establish any new outpatient revenue centers as a result of this project.

33) OHCA and the Applicants agree that the project authorized under Docket Number 98-503 will require a net revenue limit adjustment for FY 2000 and future fiscal years, for TSH for the incremental operating revenues, expenses, operating gain and volume statistics associated with this CON project, consistent with the projections shown in Attachment II herein. OHCA and the Applicants further agree that the project authorized under Docket Number 98-503 will not require any net revenue limit adjustment for SVMC as the project will not result in any operating revenues, expenses or volume statistics for SVMC.

34) The Applicants agrees that within sixty (60) days subsequent to receiving any necessary approvals of the Department of Public Health regarding the final plans and drawings, meeting the then current code requirements of the Department of Public Health, and prior to the commencement of new construction and renovations, the Applicants will provide for review by OHCA, the following;

- a) any revised total gross square feet of new construction and renovation; and
- b) any revised capital expenditure amounts expected to be incurred on the project by major cost component;

The Applicants further agrees that if this reporting indicates a change in the scope of the project or a cost overrun, that Stipulation #26 above will immediately become applicable, and the Applicants will abide by the terms of that Stipulation.

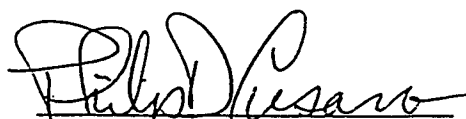
35) The total building gross square feet (GSF) of new construction shall not exceed 225,476 BGSF for TSH's outpatient services center and 119,372 BGSF for TSH's new patient pavilion on its main campus. The total GSF of renovated space for TSH shall not exceed 36,109 BGSF.

36) The Applicants shall obtain any further approvals of the Department of Public Health and all other local, state and federal agencies governing the construction, renovation and licensure of health care facilities and the Applicants agrees to report to OHCA within sixty (60) days of receiving such approvals.

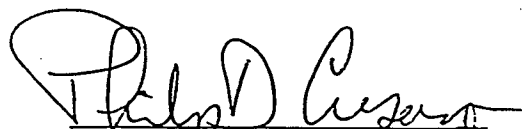
37) This authorization shall expire on October 30, 1999, unless the Applicants present evidence to OHCA that the project as authorized herein has commenced by that date. Furthermore, this authorization shall expire on October 30, 2001 unless the Applicants presents evidence to OHCA that all components of the authorized proposal are completed by that date.

- 38) OHCA and the Applicants agree that this represents a final agreement between OHCA and the Applicants with respect to this request. The signing of this Agreed Settlement resolves all objections, claims and disputes which may have been raised by the Applicants with regard to Docket Number 98-503.
- 39) This Agreed Settlement is an Order of the Office of Health Care Access with all the rights and obligations attendant thereto, and OHCA may enforce this Agreed Settlement pursuant to the provisions of Sections 19a-642 and 19a-653, C.G.S., at the Applicant's expense, if the Applicants fails to comply with its terms.

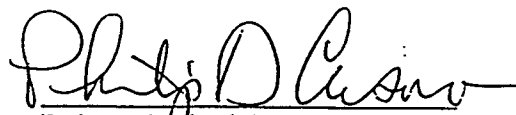
10-30-98
Date


Duly Authorized Agent for
The Stamford Hospital

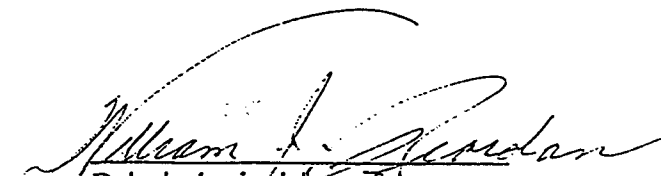
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Date


Duly Authorized Agent for
Stamford Health System, Inc.

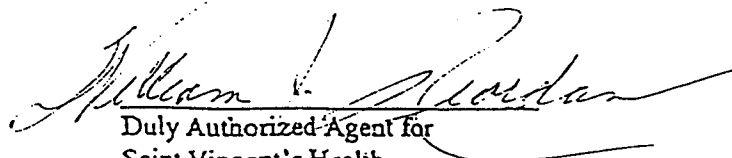
10-30-98
Date


Duly Authorized Agent for
Saint Joseph Medical Center, Inc.

10-30-98
Date

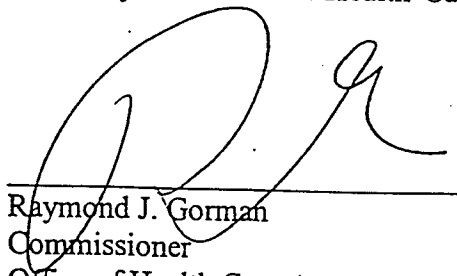

Duly Authorized Agent for
Saint Vincent's Medical Center

10-30-98
Date


Duly Authorized Agent for
Saint Vincent's Health
Service Corporation

The above Agreed Settlement is hereby accepted and so ordered by the Office of Health Care Access on October 30, 1998.

10/30/98
Date



Raymond J. Gorman
Commissioner
Office of Health Care Access

Attachments
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Stamford Health System
 Master Plan Projects
 In Current Dollars as of:

Jan-98

Item Designations	The Stamford Hospital New Construction	The Stamford Hospital Renovation	The Stamford Hospital Total Project	SJMC Campus New Bldg Construction	SJMC Campus Parking Structure	SJMC Campus Total Project	Total All Projects
1 Building Work Costs:							
a. Contract manager	\$ 722,739	\$ 132,790	\$ 855,529	\$ 1,230,714	\$ 65,673	\$ 1,296,387	\$ 2,151,915
b. General Construction (including general conditions)	13,324,065	2,223,793	15,547,859	22,697,309	1,484,819	24,182,128	39,729,987
c. Plumbing	1,154,536	156,628	1,311,164	1,578,831	54,561	1,633,392	2,945,556
d. Heating, air cond., ventilation	3,098,704	615,013	3,713,718	4,435,658	11,883	4,447,541	8,161,259
e. Electrical Work	2,444,636	599,284	3,043,919	3,607,860	103,981	3,711,841	6,756,760
f. Elevators	366,915	0	366,915	504,717	109,912	614,629	981,545
g. Fire Protection	330,107	31,507	361,614	654,653	139,970	794,623	1,156,237
h. Other building work (attach an itemized list of costs)	0	0	0	0	0	0	0
1. TOTAL BUILDING WORK COSTS	\$21,441,703	\$3,759,015	\$25,200,718	\$34,710,741	\$1,970,800	\$36,681,541	\$61,882,259
2 Site Work Costs:							
a. Site Preparation (e.g. excavation, backfill, demolition)	\$ 473,559	\$ 239,143	\$ 712,702	\$ 1,350,746	\$ 41,185	\$ 1,391,934	\$ 2,104,636
b. Site development (e.g. paving, landscaping)	226,852	4,292	231,144	1,626,336	0	1,626,336	1,857,480
c. Utility connecting lines (in 1 Above)	0	0	0	0	0	0	0
d. Special use items (e.g., lights, fencing, controls, etc.) (in 2b Above)	0	0	0	0	0	0	0
2. TOTAL SITE WORK COSTS	\$700,411	\$243,435	\$943,846	\$2,977,084	\$41,185	\$3,018,270	\$3,962,116
3 Off-Site Work Costs:							
a. Connecting lines to central utility plant or sewers (in item 2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Contract admin. and inspection	52,520	74,430	126,950	262,077	13,794	275,871	402,821
c. Surveys, tests and borings	34,780	0	34,780	71,060	3,740	74,800	109,560
d. Site engineering (in item 7)	0	0	0	0	0	0	0
e. Other items (list & itemize costs)							
Legal, Hazardous Material Survey, Filing, Marking, Insurance, Security, Traffic Control, and Temporary Accommodations & Community Relations	352,032	48,004	400,036	1,306,907	68,785	1,375,692	1,775,728
Asbestos & Hazardous Materials Removal	0	50,431	50,431	1,592,250	0	1,592,250	1,642,681
1. TOTAL OFF-SITE WORK COSTS	\$439,332	\$172,665	\$612,197	\$3,232,294	\$86,319	\$3,318,613	\$3,930,810

Stanford Health System
 Master Plan Projects
 In Current Dollars as of:

Jan-98

Item Designations	The Stamford Hospital New Construction	The Stamford Hospital Renovation	The Stamford Hospital Total Project	SJMC Campus New Bldg Construction	SJMC Campus Parking Structure	SJMC Campus Total Project	Total All Projects
4 TOTAL CONSTRUCTION COSTS (Lines 11+2e+3F)	\$22,581,446	\$4,175,315	\$26,756,761	\$40,920,120	\$2,098,304	\$43,018,423	\$69,775,184
5 Fixed Equipment (attach an itemized list and use the fair market value, if leased.)	1,127,359	3,006,263	4,133,622	6,470,665	57,500	6,528,165	10,661,787
6 Movable Equipment (in item 5) Furnishings	608,223	0	608,223	1,703,353	0	1,703,353	2,311,576
7 Architectural & Engineering Costs: a. Architect's basic fee includes: Reimbursable expenses, Engineering (Civil, Mechanical, Electrical, Transportation and Structural) Audio/Visual, Landscape Architecture, Materials Management, and Kitchen Consultant b. Contract administration and inspection c. Surveys, tests and borings d. Site Engineering (in 7e) e. Other items (list & itemize costs) f. Preconstruction CM services 7. TOTAL ARCH. & ENG. COSTS	2,315,568 0 59,890 0 212,245 2,587,723	315,762 0 8,340 0 23,702 347,804	2,631,350 0 68,230 0 235,947 2,935,527	3,930,494 0 149,682 0 297,416 4,377,592	185,207 0 7,878 0 14,125 207,210	4,115,701 0 157,560 0 311,541 4,584,802	6,747,051 0 225,790 0 547,488 7,520,329
8 TOTAL CONSTRUCTION COSTS, FIXED AND MOVABLE EQUIPMENT, AND ARCH. AND ENG. COSTS (Lines 4+5+6+7f)	\$26,904,751	\$7,529,382	\$34,434,133	\$53,471,730	\$2,363,014	\$55,834,743	\$90,268,876
9 Contingency Costs: a. Contingency costs related to building work b. Other contingency costs (list and itemize costs) Owner's Contingency 9. TOTAL CONTINGENCY COSTS	\$1,644,261 675,345 \$2,319,606	\$371,105 168,836 \$539,941	\$2,015,366 844,181 \$2,859,547	\$2,817,563 1,202,958 \$4,020,521	\$149,409 63,314 \$212,723	\$2,966,972 1,266,272 \$4,233,244	\$4,982,338 2,110,453 \$7,092,791

Stamford Health System
Master Plan Projects
In Current Dollars as of:

Jan-98

Item Designations	The Stamford Hospital New Construction	The Stamford Hospital Renovation	The Stamford Hospital Total Project	SJMC Campus New Bldg Construction	SJMC Campus Parking Structure	SJMC Campus Total Project	Total All Projects
10 Land acquisition	0	0	0	240,350	12,650	253,000	253,000
11 Building(s) Acquisition (use the fair market value, if leased)	0	0	0	0	0	0	0
12 Works of Art	88,724	8,872	97,596	207,022	0	207,022	304,618
13 Other costs (list and itemize)	0	0	0	0	0	0	0
14 14.TOTAL ESTIMATED CURRENT CAPITAL COSTS (LINES 8 THROUGH 13)	\$29,313,081	\$8,078,195	\$37,391,276	\$57,939,623	\$2,588,387	\$60,528,009	\$97,919,285
15 Inflation Adjustment (Const Cost x 5% Inflation Factor to midpoint of construction period. Other costs include Inflation)	1,027,663	185,552	1,213,216	1,749,119	93,381	1,842,500	3,055,715
16 TOTAL ESTIMATED INFLATED CAPITAL COSTS (Lines 14 +15)	30,340,744	8,263,747	38,604,491	59,688,742	2,681,767	62,370,509	100,975,001
17 Capitalized Financing Costs:							
a. Net interest during construction	\$ 1,958,818	\$ 267,112	\$ 2,225,930	\$ 3,307,504	\$ 174,078	\$ 3,481,583	\$ 5,707,513
b. Underwriting discount	0	0	0	0	0	0	0
c. Bond issuance costs	754,851	102,934	857,785	1,274,581	67,083	1,341,664	2,189,449
d. Legal fees (related to obtaining financing only)	66,829	9,386	78,215	116,219	6,117	122,336	200,551
e. Consultant fees (related to obtaining financing only)	0	0	0	0	0	0	0
f. Other items (list and itemize costs)	0	0	0	0	0	0	0
g. TOTAL CAPITALIZED FINANCING COSTS	\$2,782,498	\$379,432	\$3,161,930	\$4,698,304	\$247,279	\$4,945,583	\$8,107,513
18 TOTAL CAP. EXPENDITURE, WHICH INCLUDES CAPITALIZED FINANCING COSTS (Lines 16+17g)	\$33,123,242	\$8,643,179	\$41,766,421	\$64,387,046	\$2,929,046	\$67,316,092	\$109,082,514

**Proposed Capital Expenditure specific to the proposed
purchase of SVMC's ownership interest in SJMC by SHS**

\$7,000,000

Proposed Capital Expenditure specific to proposed renovations at SVMC by SVMC:

Total Building Work Costs	\$2,000,000
Movable Equipment	\$ 280,000
Architectural and Engineering Costs	\$ 200,000
Contingency Costs	\$ 200,000
Inflation Adjustment	\$ 80,000
Proposed Capital Expenditure	<u>\$2,760,000</u>
Capitalized Financing Costs	\$ 0
Total Proposed Capital Expenditure	<u><u>\$2,760,000</u></u>

Proposed Capital Expenditure for entire project	\$110,734,514
Capitalized Expenditures	<u>\$ 8,108,000</u>
Total Proposed Capital Expenditure for entire project:	\$118,842,514

Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
Without the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY ASSOCIATED WITHOUT THE CON PROPOSAL

1/31/

	FY06	FY07	FY08	FY09	FY10	FY11	FY12
1 GMI Gross Patient Revenue	107,405,336	111,101,295	114,434,334	117,067,164	121,400,365		
2 Net Govt Gross Patient Revenue	104,400,581	107,625,308	111,180,005	114,434,025	117,367,048		
3 TOTAL GROSS PATIENT REVENUE	212,155,928	218,778,004	225,639,339	228,501,189	230,767,413		
4 Govt Subsidies from Gross Revenue	61,425,472	62,268,238	65,180,203	67,121,272	69,134,010		
5 Net Bad Debt	14,723,101	15,181,787	15,016,651	16,085,150	16,567,705		
6 Free Care	2,641,192	2,619,488	2,608,072	2,778,015	2,863,385		
7 TOTAL UNCOMPENSATED CARE	17,364,293	17,781,264	17,624,723	18,863,165	19,430,900		
8 Net Govt Contractual Allowances	4,810,371	4,756,022	4,899,050	5,043,619	5,191,817		
9 HMO Contractual Allowances	15,511,541	18,067,917	19,639,055	20,222,153	20,138,028		
10 Other Contractual Allowances	0	0	0	0	0		
11 TOTAL NON-GOV'T DEDUCTIONS FROM G.R.	40,384,205	41,066,124	42,054,308	44,130,931	45,484,333		
12 TOTAL DEDUCTIONS FROM GROSS REVENUE	101,419,787	104,614,260	106,730,581	111,261,239	114,599,046		
13 TOTAL PAYMENTS	110,736,141	113,852,244	117,514,734	121,040,180	124,671,388		
14 Operating Gross Revenue	58,314,173	59,003,568	59,743,705	61,334,017	63,307,006		
15 Other Operating Revenue	4,004,208	4,120,485	4,253,373	4,380,671	4,512,400		
16 Revenue from Operations	111,542,388	117,341,720	121,768,103	125,424,751	128,183,786		
17 Net Physician Salaries	41,604,046	49,430,322	50,759,015	52,043,951	53,504,506		
18 Fringe Benefits - Net Physicians	6,740,653	6,942,800	7,151,065	7,365,617	7,586,566		
19 Fringe Benefits - Physicians	1,348,117	1,388,569	1,430,217	1,473,123	1,517,317		
20 Other Than Supply & Drug	22,079,342	24,331,407	25,016,748	25,700,790	26,402,864		
21 Physician Fees	1,035,006	1,030,104	1,087,107	1,095,233	1,132,179		
22 Malpractice Insurance	2,530,141	2,045,313	2,093,175	2,774,538	2,857,828		
23 Lease - Annual	1,880,640	1,981,160	2,151,611	2,100,631	2,248,112		
24 TOTAL LEASES	1,980,640	1,981,160	2,151,611	2,100,631	2,248,112		
25 Departmental Depreciation	1,990,049	1,918,169	2,153,614	2,130,601	2,246,112		
26 Plant Depreciation	2,173,003	2,669,371	3,176,604	3,050,637	3,166,030		
27 TOTAL DEPRECIATION	5010,339	5,205,455	5,167,605	4,902,339	4,724,841		
28 Interest	7,243,342	7,655,029	8,444,381	8,500,966	8,691,827		
29 Expense Recoveries (enter as negative)	1,637,326	1,035,423	2,006,078	1,072,104	1,947,328		
30 TOTAL NET OPERATING EXPENSES	113,952,802	119,358,143	122,006,638	126,040,410	128,675,764		
31 GMI (net) from Operations	552,766	(1,378,414)	(1,228,539)	(6,9258)	(981,968)		
32 Non-Operating Revenue	2,800,000	2,884,000	2,970,520	3,058,836	3,151,425		
33 REVENUE OVER (UNDER) EXPENSES	3,362,766	1,507,550	1,711,030	2,440,377	2,456,457		
34 Full Time Equivalent	1,177.7	1,177.7	1,177.7	1,177.7	1,177.7		
35 Discharges	13,507	13,507	13,507	13,507	13,507		
36 Patient Days	65,137	65,137	65,137	65,137	65,137		
37 Care A/E Index	0	0	0	0	0		
38 Other Statistics	0	0	0	0	0		

Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
Incremental to the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY INCREMENTAL ASSOCIATED WITH THE CON PROPOSAL

	FY74	FY75	FY76	FY77	FY78	FY79	FY80	FY81	FY82
1	Govt Gross Patient Revenue	0	38,182,028	31,215,543	24,461,308	18,418,171	14,160,268	11,372,632	9,334,037
2	Non Govt Gross Patient Revenue	0	10,331,058	6,510,387	12,567	14,160,268	14,308,591	7,122,102	434,037
3	TOTAL GROSS PATIENT REVENUE	0	48,513,086	37,725,930	24,500,273	32,678,439	28,468,859	18,494,734	14,768,074
4	Govt Deductions from Gross Revenue	0	22,165,409	14,585,507	10,307,102	7,122,102	7,122,102	7,122,102	7,122,102
5	Net Bad Debt	0	2,384,088	1,755,065	1,250,375	1,250,375	1,250,375	1,250,375	1,250,375
6	Fine Cash	0	103,503	424,270	390,006	300,904	334,071	334,071	334,071
7	TOTAL UNCOMPENSATED CARE	0	2,487,591	2,180,225	1,640,681	1,551,275	1,584,446	1,584,446	1,584,446
8	Non Govt Contracted Allowances	0	437,558	37,450	1,030,523	1,372,632	1,372,632	1,372,632	1,372,632
9	IMC Contractual Allowances	0	2,758,641	2,301,014	1,732,102	1,372,632	1,372,632	1,372,632	1,372,632
10	Other Contractual Allowances	0	0	0	0	0	0	0	0
11	TOTAL NON-GOV'T DEDUCTIONS FROM GROSS REVENUE	0	6,243,631	4,510,580	3,369,805	2,844,707	2,844,707	2,844,707	2,844,707
12	TOTAL DEDUCTIONS FROM GROSS REVENUE	0	28,409,040	19,096,087	13,676,907	9,966,809	8,966,809	8,966,809	8,966,809
13	TOTAL PAYMENTS	0	20,313,240	18,629,843	11,133,366	22,751,630	19,502,052	11,527,927	10,801,265
14	Impatient Gross Revenue	0	17,211,465	15,200,334	12,787,903	12,787,903	12,787,903	12,787,903	12,787,903
15	Outpatient Gross Revenue	0	5,101,036	5,244,860	5,345,463	5,345,463	5,345,463	5,345,463	5,345,463
16	Other Outpatient Revenue	0	19,400,556	11,063,982	11,063,982	11,063,982	11,063,982	11,063,982	11,063,982
17	Revenue from Specialists	0	9,341,420	17,550,872	17,550,872	17,550,872	17,550,872	17,550,872	17,550,872
18	Non-Physician Salaries	0	6,464,181	5,853,478	5,853,478	5,853,478	5,853,478	5,853,478	5,853,478
19	Physician Salaries	0	2,030,228	2,101,430	2,101,430	2,101,430	2,101,430	2,101,430	2,101,430
20	Fringe Benefits - Non-Physicians	0	1,135,005	1,431,753	1,431,753	1,431,753	1,431,753	1,431,753	1,431,753
21	Fringe Benefits - Physicians	0	407,851	420,088	420,088	420,088	420,088	420,088	420,088
22	Other Supply & Drug	0	10,375,080	13,771,874	13,771,874	13,771,874	13,771,874	13,771,874	13,771,874
23	Physician Fees	0	0	0	0	0	0	0	0
24	Malpractice Insurance	0	0	0	0	0	0	0	0
25	Leases - Annual	0	0	0	0	0	0	0	0
26	Leases - Multi-Year	0	0	0	0	0	0	0	0
27	TOTAL LEASES	0	0	0	0	0	0	0	0
28	Depreciation	0	506,619	591,307	591,307	591,307	591,307	591,307	591,307
29	Non-Depreciation	0	684,940	651,953	651,953	651,953	651,953	651,953	651,953
30	TOTAL DEPRECIATION	0	1,191,559	1,243,260	1,243,260	1,243,260	1,243,260	1,243,260	1,243,260
31	Expenses Recoveries (net of negative)	0	25,155,802	13,221,533	9,916,129	3,467,306	3,467,306	3,467,306	3,467,306
32	TOTAL NET OPERATING EXPENSES	0	31,014,459	4,315,339	1,442,183	2,250,167	2,250,167	2,250,167	2,250,167
33	Non-Operating Revenue	0	34,000	170,520	250,638	250,638	250,638	250,638	250,638
34	REVENUE OVER/UNDER EXPENSES	0	3,000,000	4,104,819	182,727	1,916,271	1,916,271	1,916,271	1,916,271
35	Life Time Equivalents	0	228,3	198,2	39,5	2,558	2,123	3,427	0
36	Discharges	0	3,418	2,088	2,558	2,123	3,427	0	0
37	Patient Days	0	16,993.3	12,211	7,091	0	0	0	0
38	Cross Mix Index	0	0	0	0	0	0	0	0
39	Other Statistics	0	0	0	0	0	0	0	0
40		0	0	0	0	0	0	0	0
41		0	0	0	0	0	0	0	0
42		0	0	0	0	0	0	0	0

Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
With the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY ASSOCIATED WITH THE CON PROPOSAL

12/1

	FY08	FY09	FY10	FY11	FY12
1 Gov't Gross Patient Revenue	107,885,339	149,233,334	115,640,877	142,328,970	139,872,565
2 Non-Gov't Gross Patient Revenue	104,004,801	118,158,086	117,671,382	114,563,602	113,168,758
3 TOTAL GROSS PATIENT REVENUE	211,890,140	267,391,420	233,312,259	256,892,572	253,041,323
4 Civil Deductions from Gross Revenue	81,425,472	55,458,845	70,751,780	77,428,461	73,257,034
5 Mt. Ref. Debt	14,720,181	17,545,085	7,372,500	11,384,526	17,201,742
6 Food Cost	2,543,102	3,223,051	3,172,342	3,143,800	3,063,510
7 TOTAL INCOMPENSATED CARE	17,263,363	10,768,016	20,454,943	20,530,206	20,265,081
8 Non-Gov't Contractual Allowances	4,616,371	5,254,481	4,937,123	1,018,004	3,623,385
9 IBAO Contractual Allowances	18,512,541	21,828,558	22,301,829	21,760,255	21,870,500
10 Other Contractual Allowances	0	0	0	0	0
11 TOTAL NON-GOV'T DEDUCTIONS FROM GROSS REVENUE	40,394,235	47,849,045	47,433,897	41,501,555	45,641,032
12 TOTAL DEDUCTIONS FROM GROSS REVENUE	101,819,707	113,307,893	127,185,687	123,930,016	121,216,086
13 TOTAL PAYMENTS	110,510,159	134,123,729	136,135,872	132,959,843	131,421,254
14 Inpatient Gross Revenue	84,041,753	204,315,005	158,332,684	181,078,406	181,056,070
15 Outpatient Gross Revenue	58,314,173	63,173,234	64,808,505	63,687,256	65,884,319
16 Revenue from Operations	4,008,200	3,180,478	3,180,478	3,190,030	3,240,000
17 Non-Physician Services	114,515,368	137,323,153	130,321,850	136,079,613	134,881,254
18 Physician Salaries	47,340,449	55,175,034	52,911,137	49,096,524	51,231,936
19 Fringe Benefits - Non-Physicians	6,740,583	8,382,859	9,257,517	9,427,032	8,678,715
20 Fringe Benefits - Physicians	8,469,080	11,035,007	10,143,626	9,949,363	10,240,317
21 Other Supply & Drug	1,248,117	1,793,411	1,650,303	1,005,496	1,915,743
22 Other Non-Supply & Drug	11,440,051	17,781,201	12,136,607	12,500,790	12,815,622
23 Physician Fee	22,316,543	20,444,578	27,308,237	28,759,634	24,311,345
24 Medicare Insurance	1,035,820	1,036,104	1,067,197	1,090,203	1,122,179
25 Lease - Annual	2,529,141	2,415,313	2,683,776	2,774,540	2,837,820
26 Lease - Multi-Year	8,383,642	1,919,169	2,156,814	1,412,315	2,804,831
27 TOTAL LEASES	1,990,143	1,919,169	0	0	0
28 Depreciation	2,173,403	3,250,297	3,858,093	4,627,334	5,424,065
29 Plant Depreciation	5,079,299	5,283,651	5,444,271	6,134,956	6,829,815
30 TOTAL DEPRECIATION	7,252,702	8,533,948	9,312,314	10,769,291	12,253,881
31 Interest	1,337,326	2,196,926	2,157,024	2,907,010	3,333,597
32 Expense Recoveries (order as negative)	0	0	0	0	0
33 TOTAL NET OPERATING EXPENSES	113,053,707	135,528,751	131,614,425	131,501,635	131,042,068
34 Gains (Loss) from Operations	1,480,407	7,794,407	7,810,555	4,193,006	1,613,184
35 Non-Operating Revenue	2,600,000	2,800,000	2,800,000	2,800,000	2,800,000
36 REVENUE OVER/UNDER EXPENSES	4,200,201	4,594,407	10,640,355	7,290,004	4,119,194
37 Total Time Equipment	1,177,9	1,345,6	1,281,5	1,151,3	1,151,3
38 Decharges	13,507	16,925	16,405	16,405	15,838
39 Patient Days	55,137	82,130	77,348	73,118	68,584
40 Case Mix Index	0	0	0	0	0
41 Other Statistics	0	0	0	0	0
42					



STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

98-503

JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

August 16, 2000

Ms. Marjorie Guglin
Corporate Director
Network Development and Strategic Initiatives
St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606-4292

RE: Compliance with various CON filing requirements

Dear Ms. Guglin:

This letter is the result of a review of Certificate of Need (CON) projects approved by the Office of Health Care Access (OHCA) for St. Vincent Medical Center and related affiliates in past five years. In order to update our files in the following matters and to bring the Hospital into full compliance with CON stipulations, the Hospital is required to file the information or documents identified below.

1. Regarding Docket Number 98-503, Establishment of St. Joseph Family Life Center:

It is OHCA's understanding from a letter filed by the Hospital during the FY 1999 Annual Reporting review process that St. Joseph Family Life Center is a "satellite outpatient department of the Hospital." It further states that "St. Joseph Family Life Center is not a separate legal organization" and that "St. Joseph Family File Center's operations are treated in the same manner as all of the Hospital's other departments" (June 20, 2000 letter to Tillman Foster, OHCA from Roger Sliby, Director, Managed Care, SVMC). Stipulation #20 of the Agreed Settlement under Docket Number 98-503 (of which St. Vincent's Medical Center and St. Vincent's Health Service Corporation were co-applicants), states the following:

- "20) The establishment and operation of the Saint Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and children and will be located at 587 Elm Street in Stamford. **Saint Joseph Family Life Center, Inc., which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.**"

An Equal Opportunity Employer

410 Capitol Avenue, MS #13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308

Telephone: (860) 418-7001 Fax: (860) 418-7053

Consumer Information Help-Line: (800) 797-9688

The information provided in the FY 1999 Annual Reporting seems to indicate that the Family Life Center was established as an outpatient department of the Hospital which appears to be at variance with the stipulated agreement under Docket Number 98-503, in which SVMC and SVHS agreed that the Family Life Center would be established as a separate affiliated entity with its own facility license. Please clarify the current organizational relationship of the Family Life Center with the Hospital and the parent organization and, if it is not a separate but affiliated entity, explain why the Hospital changed the scope of the project as authorized under Docket Number 98-503.

2. Regarding Docket Number 97-555, Acquisition of Information Systems:

Pursuant to Stipulation #3 of Docket Number 97-555, the Hospital was to notify OHCA of the date of first hardware and software acquisition. Pursuant to Stipulation #5, the Hospital was to submit a final expenditure report within 30 days of completion of the project. Pursuant to Stipulation #7, the Hospital was to submit evidence by November 26, 1998, that the Hospital has commenced implementation of the authorized information systems. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

3. Regarding Docket Number 97-539, Acquisition of Three Walk-In Centers:

Pursuant to Stipulation #7 of Docket Number 97-539, the Hospital was to provide evidence by September 30, 1998, that the walk-in medical centers have been fully acquired and operate under the Hospital's license. No evidence has been filed in this matter. Please provide documentation to satisfy this CON requirement.

4. Regarding Docket Number 96-557, Purchase of Building by St. Vincent's Special Needs Center, Inc.:

Pursuant to Stipulation #3 of Docket Number 96-557, the Applicant was to provide OHCA "a copy of the final approved loan documents in support of the debt financing obtained." Pursuant to Stipulation #8, the Applicant was to submit a final capital expenditure report within 30 days of completion of the project. Pursuant to Stipulation #10, the Applicant was to submit evidence by March 26, 1998, that the Applicant has completed the acquisition project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

5. Regarding Docket Number 96-540, Acquire second CT scanner:

Pursuant to Stipulation #7 of Docket Number 96-540, the Hospital was to submit a final capital expenditure and functional space allocation report within 60 days of completion of the project. Pursuant to Stipulation #11, the Hospital was to submit evidence by January 16, 1998 that renovations had commenced and by January 16, 1999 that the Hospital had completed the project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

6. Regarding Docket Number 96-534, Renovation and Expansion of St. Vincent's College:


Pursuant to Stipulation #6 of Docket Number 96-534, the Hospital was to submit evidence by November 6, 1997, that the Hospital has completed the project. No evidence has been filed as yet regarding this requirement. Please provide documentation to satisfy this CON requirement.

7. Regarding Docket Number 96-528, Replacement Fire Alarm System:

Pursuant to Stipulation #4 of Docket Number 96-528, the Hospital was to submit a final capital expenditure report within 30 days of completion of the project. Pursuant to Stipulation #6, the Hospital was to report to OHCA regarding the removal date of the existing fire alarm system within 30 days of occurrence. Pursuant to Stipulation #9, the Hospital was to submit evidence by July 3, 1997, that the Hospital has completed the project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

Please provide an original and three copies of your responses to the matters referenced above. Please identify all Docket Numbers in the reference line of your response letter and have a separate page or attachment related to each project in order for the materials to be placed separately in the appropriate OHCA files. Additionally, OHCA would appreciate a response to this request for compliance information by September 29, 2000. If you have any questions regarding the above, please contact me at (860) 418-7041.

Sincerely,



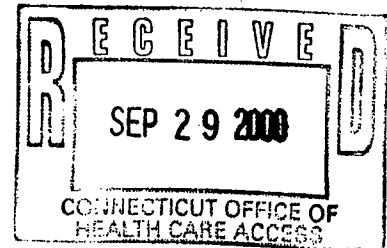
Karen Roberts
Compliance Officer

copy: Michael R. Meacham, Director,
Health Systems Development, OHCA

St. Vincent's
Medical Center



September 28, 2000



Ms. Karen Roberts
Compliance Officer
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
PO Box 340308
Hartford, CT 06134-0308

RE: Compliance with various CON filing requirements pertaining to the following Docket Numbers: 98-503, 97-555, 97-539, 96-557, 96-540, 96-534, 96-528

Dear Ms. Roberts,

In response to your letter dated August 16, 2000 attached please find the original and three copies of St. Vincent's Medical Center's responses to the questions pertaining to the dockets referenced above. As indicated in your letter a separate page has been allocated to each of the aforementioned dockets and any attachments pertaining to the individual dockets attached accordingly.

It is our hope that the enclosed responses bring the Medical Center into full compliance with CON stipulations and updates OHCA's files regarding the following matters. Please contact me at 203.576.5101 or via e-mail at mguglin@svhs-ct.org with any questions OHCA may have with regard to this response.

Sincerely,

Marjorie Guglin
Corporate Director, Strategic Planning & Network Development

Enclosure

1. Regarding Docket Number 98-503, Establishment of St. Joseph Family Life Center:

It is OHCA's understanding from a letter filed by the Hospital during the FY 1999 Annual Reporting review process that St. Joseph Family Life Center is a "satellite outpatient department of the Hospital." It further states that "St. Joseph Family Life Center is not a separate legal organization" and that "St. Joseph Family Life Center's operations are treated in the same manner as all of the Hospital's other departments" (June 20, 2000 letter to Tillman Foster, OHCA from Roger Sliby, Director, Managed Care, SVMC). Stipulation #20 of the Agreed Settlement under Docket Number 98-503 (of which St. Vincent's Medical Center and St. Vincent's Health Service Corporation were co-applicants), states the following:

- "20) The establishment and operation of the Saint Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and children and will be located at 587 Elm Street in Stamford. **Saint Joseph Family Life Center, Inc., which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.**"

The information provided in the FY 1999 Annual Reporting seems to indicate that the Family Life Center was established as an outpatient department of the Hospital which appears to be at variance with the stipulated agreement under Docket Number 98-503, in which SVMC and SVHS agreed that the Family Life Center would be established as a separate affiliated entity with its own facility license. Please clarify the current organizational relationship of the Family Life Center with the Hospital and the parent organization and, if it is not a separate but affiliated entity, explain why the Hospital changed the scope of the project as authorized under Docket Number 98-503.

Response:

St. Joseph's Family Life Center ("Life Center") is a satellite clinic of St. Vincent's Medical Center. St. Joseph's Family Life Center, LLC, which is in the final stages of formation, is a controlled entity that provides primary care to the truly indigent population. Physicians under their individual license(s) provide other medical and dental services. This somewhat revised structure was in response to meeting the purpose and mission of the "Life Center", which is to serve the truly indigent, those individuals who are without or lack the ability to provide payment. A separately licensed outpatient clinic would require expensive overhead

and other expenses that would not only utilize funds currently allocated to providing care but would also create an unnecessary burden on the operation of the "Life Center".

2. Regarding Docket Number 97-555, Acquisition of Information Systems:

Pursuant to Stipulation #3 of Docket Number 97-555, the Hospital was to notify OHCA of the date of first hardware and software acquisition. Pursuant to Stipulation #5, the Hospital was to submit a final expenditure report within 30 days of completion of the project. Pursuant to Stipulation #7, the Hospital was to submit evidence by November 26, 1998, that the Hospital has commenced implementation of the authorized information systems. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

Response:

The first hardware and software acquisitions for the project occurred in February of 1998. Implementation of the first phase of the authorized information systems commenced in March 1998 with Phase 1 implementation occurring on October 1, 1999. Additional elements of the authorized information systems scheduled to be completed during the second phase of project implementation are scheduled to commence during fiscal year 2001 with completion in fiscal year 2002, which ends on September 30, 2002. Within 30 days of phase 2 completion the Medical Center will submit a final expenditure report to the Office of Health Care Access (OHCA) for the project.

3. Regarding Docket Number 97-539, Acquisition of Three Walk-In Centers:

Pursuant to Stipulation #7 of Docket Number 97-539, the Hospital was to provide evidence by September 30, 1998, that the walk-in medical centers have been fully acquired and operate under the Hospital's license. No evidence has been filed in this matter. Please provide documentation to satisfy this CON requirement.

Response:

The three walk-in centers located in Bridgeport, Fairfield, and Shelton, Connecticut were fully acquired by the Medical Center on June 1, 1998 and have since operated under the general hospital license for the Hospital. Attached for OHCA's files is a copy of the most recent general hospital license for St. Vincent's Medical Center which was issued by the State of Connecticut Department of Public on October 1, 1999 (Attachment I, DN 97-539).

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0057

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

St. Vincent's Medical Center of Bridgeport, CT, d/b/a St. Vincent's Medical Center is hereby licensed to maintain and operate a General Hospital.

St. Vincent's Medical Center is located at 2800 Main Street, Bridgeport, 06606 with:

The maximum number of beds shall not exceed at any time:

47 Bassinets

397 General Hospital beds

This license expires September 30, 2001 and may be revoked for cause at any time.

Dated at Hartford, Connecticut, October 1, 1999.

License revised to reflect:

Increase in (6) beds effective 10/4/1999.

Satellite

Center for Ambulatory Behavioral Health, 4083 Main Street, Bridgeport, CT

St. Vincent's Immediate Health Care, 4490 Main Street, Bridgeport, CT

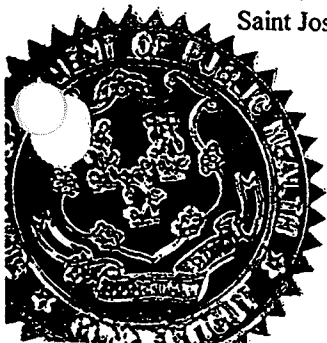
St. Vincent's Immediate Health Care, 1055 Post Road, Fairfield, CT

St. Vincent's Immediate Health Care, 15 Armstrong Road, Shelton, CT

St. Vincent's Medical Center, Neighborhood at St. Joseph's Center, 43 Madison Avenue, Bridgeport, CT

Family Health Center, 760-762 Lindley Street, Bridgeport, CT

Saint Joseph Family Life Center, 587 Elm Street, Stamford, CT



A handwritten signature in black ink, reading "Joxel Garcia, MD.", is positioned above the printed name of the Commissioner.

Joxel Garcia, MD., Commissioner

4. Regarding Docket Number 96-557, Purchase of Building by St. Vincent's Special Needs Center, Inc.:

Pursuant to Stipulation #3 of Docket Number 96-557, the Applicant was to provide OHCA "a copy of the final approved loan documents in support of the debt financing obtained." Pursuant to Stipulation #8, the Applicant was to submit a final capital expenditure report within 30 days of completion of the project. Pursuant to Stipulation #10, the Applicant was to submit evidence by March 26, 1998, that the Applicant has completed the acquisition project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

Response:

The purchase / acquisition of the building located on 95 Merritt Boulevard in Trumbull from St. Vincent's Health Services Corporation by St. Vincent's Special Needs Center, Inc. was completed in April 1997 for a total purchase price of \$3,803,000. Pursuant to Stipulation #8, attached is the final capital expenditure report for the project (Attachment I, DN 96-557).

Also attached for OHCA's files is a copy of the final approved loan documents / promissory note in support of the debt financing obtained by St. Vincent's Special Needs Center, Inc. in the amount of \$3,303,000, the remaining \$500,000 as approved was funded by an equity contribution (Attachment II, DN 96-557).

Projected Capital Expenditure

OHCA Authorization Per Agreement

Project Components

Total

1 .	Purchase of Headquarters Building	\$ <u>3,803,000</u>
	TOTAL CAPITAL EXPENDITURE	\$ <u><u>3,803,000</u></u>

PROMISSORY NOTE

\$3,303000

April 29, 1997
Bridgeport, Connecticut

FOR VALUE RECEIVED, ST. VINCENT'S SPECIAL NEEDS CENTER, INC., a Connecticut non-stock corporation with an address at 95 Merritt Boulevard, Trumbull, Connecticut 06611 (the "Maker"), promises to pay to the order of St. Vincent's Medical Center, with an address at 2800 Main Street, Bridgeport, Connecticut 06606 (the "Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of Three Million Three Hundred Three Thousand and No/100 Dollars (\$3,303,000) in lawful money of the United States of America, together with interest on the unpaid principal amount of this Note from the date of this Note at the rate of seven percent (7%) per annum, payable as follows:

On the date of this Note, Maker shall prepay to the Lender interest only for the period from the date of this Note through April 30, 1997, both dates inclusive. Thereafter, the principal sum of this Note and interest shall be paid in equal installments in the amount of Twenty-Five Thousand Six Hundred Eight and 12/100 Dollars (\$25,608.12), commencing with the first such installment being due and payable on June 1, 1997 and continuing with like installments on the first day of each and every month thereafter through and including May 1, 2017, when the entire outstanding principal amount together with accrued interest thereon shall be due and payable in full. Each payment shall be applied first to the payment of interest on the unpaid principal amount of this Note and the balance on account of the principal of this Note.

If any payment of principal or interest hereunder is made more than ten days after it is due, there shall be added to such payment, at the option of the holder hereof, a late charge equal to 2% of the amount past due. Following an event of default, at the option of the holder hereof, the interest rate shall increase to a rate which is equal to ten percent (10%) per annum. Anything contained herein to the contrary notwithstanding, the maximum rate of interest payable in respect of the unpaid principal amount hereof shall not exceed the maximum rate allowable under such provisions of law, as in effect from time to time, as are applicable to the indebtedness evidenced hereby and to the payee or holder hereof.

Maker may prepay this Note in whole or in part at any time from time to time without penalty. All such prepayments shall be applied on account of principal remaining unpaid and shall be accompanied by payment of all accrued but unpaid interest, if any, thereon. All partial prepayments of principal shall be credited to unpaid principal in the inverse order of maturity and shall not affect Maker's obligation to pay the regular installments required hereunder until this Note is fully paid.

This Note is the Note referred to in, and is entitled to the benefits of, that certain Mortgage Deed and Security Agreement, dated the date hereof, between the Maker and the Lender (the "Mortgage"). The Mortgage, among other things, provides for the acceleration of the maturity hereof upon the conditions therein specified. If (i) Maker shall fail to make any payment required hereunder, and such failure shall continue for a period of ten (10) days following the due date thereof; (ii) Maker shall breach any other provision of this Note and fail to cure such breach within ten (10) days following notice from Lender; (iii) there shall occur any event of default under the Mortgage or any other instrument securing this Note and the same is not cured within the time provided therein; or (iv) Maker shall sell or convey the property or any interest in the property securing this Note without the prior written consent of Lender, then, in any such event, the entire unpaid principal balance of this Note, together with all interest accrued thereon, shall, at the option of Lender, become immediately due and payable, and Maker shall pay all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in the collection hereof (whether or not suit is commenced) or in sustaining the lien of the Mortgage or the validity of any other instruments given to secure this Note.

The Maker waives presentment, demand, protest and notice of demand, dishonor and protest and all other notices to which it may be entitled. No extension of time for payment or delay by Lender in exercising any of its rights hereunder shall operate as a release of the Maker or a waiver of any rights Lender may have against the Maker, and Lender's failure to exercise its rights on any one occasion or a waiver of such rights on any one occasion, shall not operate as a waiver of such rights in the future.

THE MAKER ACKNOWLEDGES THAT THIS NOTE HAS BEEN ISSUED PURSUANT TO A COMMERCIAL TRANSACTION AND WAIVES ITS RIGHT TO NOTICE AND HEARING AND ANY RIGHTS UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY AVAILABLE TO LENDER. MAKER HEREBY EXPRESSLY, VOLUNTARILY AND KNOWINGLY WAIVES, TO THE EXTENT PERMITTED BY LAW, TRIAL BY JURY AND ANY AND ALL BENEFITS OF ALL PRESENT AND FUTURE HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

This Note shall be governed by, and construed in accordance with, the laws of the State of Connecticut. Any legal action or proceeding against the Maker with respect to this Note or the Mortgage or the transactions contemplated therein may be brought in the courts of the State of Connecticut or any United District Court in such State, and the Maker hereby irrevocably accepts the jurisdiction of such courts for the purpose of any action or proceeding.

ST. VINCENT'S SPECIAL NEEDS
CENTER, INC.

By: 
Barry B. Baum, President

5. Regarding Docket Number 96-540, Acquire second CT scanner:

Pursuant to Stipulation #7 of Docket Number 96-540, the Hospital was to submit a final capital expenditure and functional space allocation report within 60 days of completion of the project. Pursuant to Stipulation #11, the Hospital was to submit evidence by January 16, 1998 that renovations had commenced and by January 16, 1999 that the Hospital had completed the project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

Response:

Renovations for the project were completed in May of 1997. The second CT Scanner was brought into service on June 1, 1997. Pursuant to stipulation #7, attached for OHCA's files is a copy of the final capital expenditure report for the project (Attachment I, DN 96-540). The functional space allocation report is the same as the proposed plan included as Attachment I, page 49 of the Certificate of Need application, an additional copy is attached for OHCA's files (Attachment II, DN-96-540).

Project Capital Expenditure

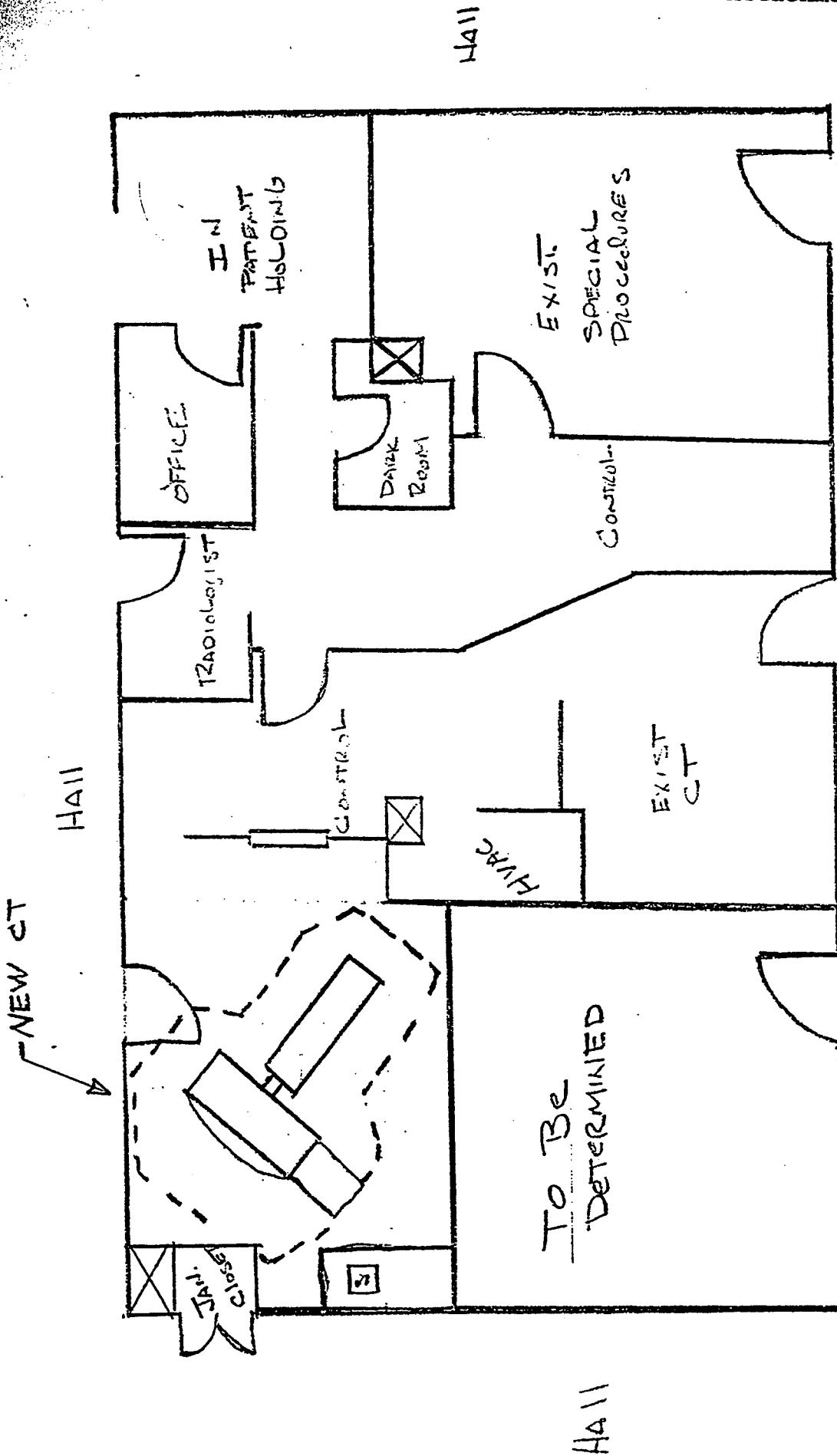
OHCA Authorization per Agreement

<u>Project Components</u>	<u>New Construction</u>	<u>Renovations</u>	<u>Total Project</u>
1. <u>Building Work Costs</u>			
a. Contract Manager	\$ NA	\$ 10,656	\$ 10,656
b. General Construction		57,391	57,391
c. Plumbing		4,900	4,900
d. Heating, Air Cond., Ventilation		16,100	16,100
e. Electrical Work		33,383	33,383
f. Elevators		- 0 -	- 0 -
g. Fire Protection		- 0 -	- 0 -
h. Other Building Work Costs		- 0 -	- 0 -
TOTAL BUILDING WORK COSTS		\$ 122,430	\$ 122,430
2. <u>Site and Off-site Costs</u>			
a. Site Preparation	\$	\$	\$
b. Site Development			
c. Utility Connecting Lines			
d. Special Use Items			
e. Off-Site Connecting Lines to Central Utility Plant or Sewers			
f. Other Site and Off-Site Costs			
TOTAL SITE & OFF-SITE COSTS	\$	\$ - 0 -	\$ - 0 -
TOTAL CONSTRUCTION COSTS (Lines 1 and 2)	\$	\$ 122,430	\$ 122,430
3. <u>Fixed Equipment</u>		\$ 647,500	\$ 647,500
4. <u>Movable Equipment</u>	\$	\$ - 0 -	\$ - 0 -
5. <u>Architectural and Engineering Costs</u>			
a. Architect's Basic Fee		\$ 10,615	\$ 10,615
b. Contract Admin. & Inspection		\$ 2,700	\$ 2,700
c. Surveys, Tests, and Borings			
d. Site Engineering			
e. Other Arch. & Eng. Costs			
TOTAL ARCH. & ENGINEER. COSTS	\$	\$ 13,315	\$ 13,315

Project Capital Expenditure

OHCA Authorization per Agreement

<u>Project Components</u>	<u>New Construction</u>	<u>Renovations</u>	<u>Total Project</u>
6. <u>Contingency Costs</u>			
a. Building Work Contingency Costs	\$		
b. Other Contingency Costs			
TOTAL CONTINGENCY COSTS			
7. <u>Land Acquisition</u>	\$	\$ - 0 -	\$ - 0 -
8. <u>Building Acquisition</u>	\$	\$ - 0 -	\$ - 0 -
9. <u>Works of Art</u>	\$	\$ - 0 -	\$ - 0 -
10. <u>Other Costs</u> (e.g. legal, title and consulting fees, etc.)	\$	\$ - 0 -	\$ - 0 -
11. <u>Inflation Adjustment</u>	\$	\$ - 0 -	\$ - 0 -
12. <u>CAPITAL EXPENDITURE</u> (lines 1 through 11)	<u>\$</u>	<u>\$ 783,245</u>	<u>\$ 783,245</u>
13. <u>Capitalized Financing Costs</u>			
a. Net Interest during Construction	\$	\$	\$
b. Underwriting Discount			
c. Bond Issuance Costs			
d. Other Capitalized Financing Costs			
TOTAL CAP. FINANCING COSTS	<u>\$</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
14. <u>TOTAL CAPITAL EXPENDITURE</u> (lines 12 and 13)	<u>\$</u>	<u>\$ 783,245</u>	<u>\$ 783,245</u>



6/7/96
SCALE 1/8" = 1'-0"

HALL
NEW CT SCAN
PROPOSED PLAN

6. Regarding Docket Number 96-534, Renovation and Expansion of St. Vincent's College:

Pursuant to Stipulation #6 of Docket Number 96-534, the Hospital was to submit evidence by November 6, 1997, that the Hospital has completed the project. No evidence has been filed as yet regarding this requirement. Please provide documentation to satisfy this CON requirement.

Response:

The renovation and expansion project of St. Vincent's College as approved in Docket Number 96-534, was initiated in April 1997 and completed in August of that same year.

7. Regarding Docket Number 96-528, Replacement Fire Alarm System:

Pursuant to Stipulation #4 of Docket Number 96-528, the Hospital was to submit a final capital expenditure report within 30 days of completion of the project. Pursuant to Stipulation #6, the Hospital was to report to OHCA regarding the removal date of the existing fire alarm system within 30 days of occurrence. Pursuant to Stipulation #9, the Hospital was to submit evidence by July 3, 1997, that the Hospital has completed the project. No evidence has been filed as yet regarding these requirements. Please provide documentation to satisfy these CON requirements.

Response:

Installation of the emergency fire alarm system replacement as approved by OHCA was completed in September 1997. The existing emergency fire alarm system was removed in October 1997. Attached for OHCA's files is a copy of the final capital expenditure report for the project in the format designated in the Agreed Settlement (Attachment I, DN 96-528).

ATTACHMENT I

Proposed Capital ExpenditureApplicant St. Vincent's Medical CenterProject Title Fire Alarm System Replacement

In Current Dollars as of

May 20, 1996

(Date)

Present in 000's of Dollars

Item Designations	New Construction	Renovation	Total Project
1. Building Work Costs:			
a. Contract manager	\$ 210,000	\$	\$ 210,000
b. General Construction (including general conditions)	90,000		90,000
c. Plumbing			
d. Heating, air cond., ventilation			
e. Electrical work			
f. Elevators			
g. Fire protection	1,100,000		1,100,000
h. Other building work (attach an itemized list of costs)			
i. TOTAL BUILDING WORK COSTS	\$ 1,400,000	\$	\$ 1,400,000

ATTACHMENT I

Proposed Capital Expenditure (cont.)

Item Designations	Present in 000's of Dollars			Total Project
	New Construction	Renovation		
2. <u>Site Work Costs:</u>				
a. Site preparation (e.g. excavation, backfill, demolition)	\$	\$	\$	
b. Site development (e.g. paving, landscaping)				
c. Utility connecting lines				
d. Special use items (e.g., lights, fencing, controls, etc.)				
e. TOTAL SITE WORK COSTS	\$	\$	\$	
3. <u>Off-Site Work Costs:</u>				
a. Connecting lines to central utility plant or sewers	\$	\$	\$	
b. Contract admin. and inspection				
c. Surveys, tests and borings				
d. Site engineering				
e. Other items (list & itemize costs)				
f. TOTAL OFF-SITE WORK COSTS	\$	\$	\$	
4. TOTAL CONSTRUCTION COSTS (Lines ii + 2e + 3f)	\$ 1,400,000	\$	\$	1,400,000

ATTACHMENT I

Proposed Capital Expenditure (cont.)

Item Designations	Present in 000's of Dollars			Total Project
	New Construction	Renovation		
5. Fixed Equipment (attach an itemized list and use the fair market value, if leased.)	\$	\$		\$
6. Movable Equipment (attach an itemized list and use the fair market value, if leased.)	\$	\$		\$
7. Architectural & Engineering Costs:				
a. Architect's basic fee	\$	\$		\$
b. Contract administration and inspection				
c. Surveys, tests and borings				
d. Site engineering				
e. Other items (list & itemize costs)				
f. TOTAL ARCH. & ENG. COSTS	\$	\$		\$
8. TOTAL CONSTRUCTION COSTS, FIXED and MOVABLE EQUIPMENT, AND ARCH. AND ENG. COSTS (Lines 4 + 5 + 6 + 7f)	\$	\$		\$

** Included in 1a.

ATTACHMENT I

Proposed Capital Expenditure (cont.)

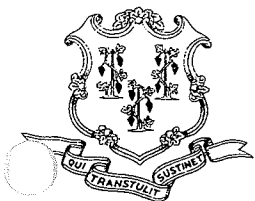
Item Designations	Present in 000's of Dollars			Renovation	Total Project
	New Construction				
9. Contingency Costs:					
a. Contingency costs related to building work	\$ 100,000	\$			\$ 67,438
b. Other contingency costs (list and itemize costs)					
c. TOTAL CONTINGENCY COSTS	\$ 100,000	\$			\$ 67,438
10. Land Acquisition (use the fair market value, if leased)	\$	\$			\$
11. Building(s) Acquisition (use the fair market value, if leased)	\$	\$			\$
12. Works of Art	\$	\$			\$
13. Other costs (list and itemize)	\$	\$			\$
14. TOTAL ESTIMATED CURRENT CAPITAL COSTS (Lines 8 through 13)	\$ 100,000	\$			\$ 67,438
15. Inflation Adjustment (Line 8 x Inflation Factor to midpoint of construction period)	\$	\$			\$
16. TOTAL ESTIMATED INFLATED CAPITAL COSTS (Lines 14 + 15)	\$ 100,000	\$			\$ 67,438

ATTACHMENT I

Proposed Capital Expenditure (cont.)

Item Designations	Present in 000's of Dollars			Total Project
	New Construction	Renovation		
17. Capitalized Financing Costs:				
a. Net interest during construction	\$	\$		\$
b. Underwriting discount				
c. Bond issuance costs				
d. Legal fees (related to obtaining financing only)				
e. Consultant fees (related to obtaining financing only)				
f. Other items (list and itemize costs)				
g. TOTAL CAPITALIZED FINANCING COSTS	\$	\$		\$
18. TOTAL CAP. EXPENDITURE, WHICH INCLUDES CAPITALIZED FINANCING COSTS (Lines 16 + 17g)	\$ 1,500,000	\$		\$ 1,467,438

MSW#1
A:\CONSTIII



STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

March 23, 2005

Debra R. Cardinali, Esquire
Levett Rockwood, P.C.
33 Riverside Avenue
Westport, CT 06880

RE: Docket Number **05-30457-DTR**; A request for a Certificate of Need Determination
Closure of the St. Joseph's Family Life Center in Stamford, Connecticut

Dear Attorney Cardinali:

On March 18, 2005, the Office of Health Care Access ("OHCA") received from St. Vincent's Medical Center ("SVMC") a Form 2020 request for a Certificate of Need ("CON") Determination regarding the planned closure of the St. Joseph Family Life Center in Stamford, Connecticut. OHCA has reviewed the filing submitted on March 18, 2005 and finds that additional information and/or clarification is necessary in order for OHCA to make a determination in this matter. As such, please provide the following information and/or clarification:

1. Please provide a current copy of the general hospital license for Saint Vincent's Medical Center ("SVMC"), showing any and all satellite locations.
2. Please verify that the volume statistics related to patient volume at the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC volume.
3. Please verify that the operating expense related to the operation of the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC expense.
4. Please verify that any revenue received related to the operation of the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC revenue.
5. Please verify that no free care or bad debt related to the operation of the St. Joseph's Family Life Center is recorded on SVMC's books as SVMC free care or bad debt.
6. Does SVMC pay any of the salaries related to the employees of the St. Joseph's Family Life Center? Is SVMC the employer?
7. Does Dr. Michael H. Summerer continue to hold 100% of the membership interest in the LLC?

An Equal Opportunity Employer

410 Capitol Avenue, MS #13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308

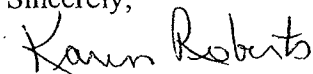
Telephone: (860) 418-7001 • Toll free (800) 797-9688

Fax: (860) 418-7053

8. Provide all leases and agreements related to the St. Joseph's Family Life Center property and operations, including any agreement between SVMC (and any affiliated entities) and Stamford Hospital (and any affiliated entities) and between SVMC (and any affiliated entities) and St. Joseph's Family Life Center, LLC. Confidential information may be redacted from the copies submitted.
9. Attached herein (Attachment #1) is an August 25, 1998 submission from St. Vincent's Health Services Corporation and St. Vincent's Medical Center as co-applicants to Docket Number 98-503, which states that the St. Joseph's Family Life Center "*will be funded from the interest earned from a seven million and a three million dollar endowment established by SVHS and SHS, respectively. The SVHS endowment will be established by the proceeds of the sale of SJMC.*" Your March 18, 2005 submission indicates that the principal and interest related to the three million dollar endowment from SHS has been used to date to operate the facility. Please indicate if the seven million dollar endowment was ever established by SVHS and used for the operation of the St. Joseph's Family Life Center.
10. Attachment #2 herein is a copy of pages from SVMC's Annual Reporting filed on March 1, 2005 for the fiscal year ending 9/30/2004. Like previous Annual Reporting filings, SVMC is indicating that St. Joseph's Family Life Center is a Department of the Medical Center. Please explain why SVMC has been reporting the center as a department for purposes of Annual Reporting to OHCA. In addition, please indicate if any of the information or data filed by SVMC to OHCA as part of the Hospital Budget System has included St. Joseph's Family Living Center operations as a department of the hospital.
11. Attachment #3 herein is a copy of Form 10, page 1 from the SVMC FY 2004 CHA Cost Study, filed with OHCA as part of FY 2004 Annual Reporting. Please explain why expenses related to the Center would be allocated to the Outpatient Clinics Department #91, if the Center is not a department of the Hospital.
12. Please explain in detail how SVMC is reporting the Center for purposes of filing its Medicare Cost Report, as the St. Joseph's Family Life Center is given a cost center code of 100.10 throughout the FY 2004 Cost Report.

Please repeat the question prior to your response and paginate your submission in its entirety. Provide an original and three (3) copies of your response document. Please contact me at (860) 418-7041 if you have any questions regarding the above inquiry.

Sincerely,



Karen Roberts
Compliance Officer

Copy: Cristine A. Vogel, Commissioner, OHCA
Susan Cole, Director, Certification, Financial Analysis and Forecasting, OHCA
John Blair, Chief of Staff, OHCA

- The summary regarding the development of the concept for SJLC states that "... dental should be added to the existing medical services to provide the body component of the holistic model." What existing medical services are they referring to and who provides these services?

Primary care for adults and children is available at the Cove on a limited basis. The existing medical services at the Cove have been provided by a part time Family Practice Physician. Under the SJFLC, these services could be continued, and enhanced by the addition of non medical care and dental care.

- Are the proposed capital costs to establish the SJLC included in the proposed capital expenditure of \$118 million?

The capital costs of the approximately \$ 250,000 to operate the SJFLC will be funded from the interest earned from a seven million and a three million dollar endowment established by SVHS and SHS respectively. The SVHS endowment will be established by the proceeds of the sale of SJMC. This seven million dollars is included in the proposed capital expenditure of \$118 million dollars.

St. Joseph's year to date internal financial statements

- The facilities Unrestricted Net Assets decreased from \$15,840,725 to \$6,744,592 from FY 1997 to FY (to date) 1998. Please explain this significant decrease.

The decrease in the Unrestricted Net Assets is due to the operating losses incurred in the months of August 1997 through July 1998. The net change is \$9,096,000. The operating loss for August and September 1997 was \$5,585,000. This loss included a major adjustment to the malpractice reserve as well as the severance costs for the Voluntary Retirement Program and layoff that occurred at the end of the fiscal year. The 1998 YTD losses are \$3,500,000.

- The Malpractice Liability Fund decreased from \$1,623,946 to \$236,520 in this time frame. Please explain.

The malpractice liability fund decrease is primarily due to a settlement of a large claim from an event in 1991. This settlement was made in first quarter of FY 1998 and was in excess of \$1 million. Additional smaller claims were also paid during the fiscal year.

Hospital:	St. Vincent's Medical Center																					
Instructions:	Indicate the name of each affiliate and place an X if a separately bound original and 1 copy is included in the filing package to OHCA.																					
* Items with an asterisk are items that are included in OHCA's Permanent Hospital folders.																						
Section of Non-HBS Annual Reporting Instructions	Listing of all Hospital filing requirements due March 1, 2005, pursuant to Section 19a-167g-91 of OHCA's Regulations and other annual filing requirements pursuant to Sections 19a-509b(f), 19a-637a, 19a-644(c), 19a-649(b) and 19a-673c, C.G.S.										St. Vincent's Health Services	St. Vincent's Medical Center	Hall-Brooke Behavioral Health	Special Needs Center	Foundation	Development	Auxiliary	St. Joseph's Family Life Center	BHE/CHC	Vincentures	College	Ascension
1	Audited Financial Statements																					
	Consolidated Financial Statements																					
2	Attachment 2, Electronic Version of FY 2004 Medicare Cost Report, as filed																					
3	Attachment 3, Internal Chart of Hospital Organization																					
4	Attachment 4, Legal Chart of Corporate Structure																					
5	Attachment 7, Hospital & Affiliate and Related Corporation Information																					
	Articles of Incorporation and Charter																					
	By-Laws																					
	Current Officers and Directors																					
6	Attachment 5, Electronic Version of Desk Reviewed FY 2004 CHA Cost Study																					
7	Attachment 6, Listing of CON Capital Expenditures per Sections 19a-638 & 639 C.G.S.																					
	Attachment 6, Listing of all other Non-CON Capital Expenditures.																					
8	Attachment 8, Funds Report for the Hospital, affiliates/related corporations																					
9	Attachment 9, Transactions between the Hospital and each affiliate/related corporation																					
	Attachment 9a, Transactions between Affiliates/related corporations																					
10	Attachment 10, Expenditures by Affiliates or related corporations for the Hospital's Benefit																					
11	Attachment 11, Hospital Commitments for affiliate benefit																					
12	Attachments 12-21 CHIME Reports (Report Format & Magnetic Version)																					
	Attachment 12a - Report 920/921																					
	Attachment 13a - Report 922/923/924																					
	Attachment 13 - Report 925																					
	Attachment 14 - Report 927																					
	Attachment 15 - Report 928																					
	Attachment 19 - Report 929																					
	Attachment 21 - Report 930																					
13	Attachment 22, Uncompensated Care Policies																					
14	Attachment 23, Funds restricted for Indigent/Free Care Beds																					
15	Attachment 24/28, Average Salary by Job Classification																					
16	Attachment 25, Report of 10 highest paid positions																					
17	Attachment 26, Report of each joint venture, partnership and corporation related to the Hospital; (Schedule AFF)																					
18	Attachment 27, Salaries/Benefits Paid by/Paid To Affiliates																					
19	Collection Placement Policies (Schedule COLL)																					
20	Collection Agent Information (Schedule COLL)																					
21	Attachment 30, Transfers of assets or operations or changes of control to a for profit																					
22	Attachment 31, Free and Reduced Cost Care Provided																					
23	Attachment 32, Hospital bed funds held or administered by the Hospital																					
24	External Source Reports HBS inputs - Audited Financial Statements																					
	Medicare Cost Report																					
	Connecticut Hospital Association Cost Study																					
	CHIME 930/930R																					
25	FY 2005 Hospital Board Approved Budget Filing																					
	Will be sent directly from CHA																					
	Included in email to Sharon Malinowski																					
	Will be sent directly from Chime																					
	Included in the HBS System																					
A	This is a Department of the Medical Center																					
B	This Affiliate was dissolved.																					
C	This affiliate is inactive.																					
N/A**	This Affiliate does not have Articles of Incorporation only By-Laws																					

Note: If a Hospital has more affiliates or related corporations than the columns allotted for the entering of affiliate names, use additional spreadsheet pages rather than more columns.

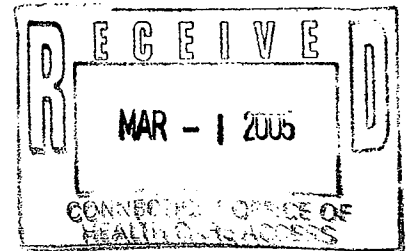
**St. Vincent's Medical Center
FYE 9/30/2004
Annual Filing Requirements**

Docket # 04-035AR

List of Financial Statements Enclosed

Ascension Health
Hall-Brooke Behavioral Health
St. Vincent's College
St. Vincent's Development Corp
St. Vincent's Health Services Corp
St. Vincent's Medical Center
St. Vincent's Medical Center Auxiliary
St. Vincent's Medical Center Foundation
St. Vincent's Special Needs Center

Audited
Audited
Audited
Unaudited
Audited
Audited
Unaudited
Unaudited
Audited



Financial Statements Not Enclosed

Connecticut Health Enterprises
Vincentures
St. Joseph's Family Life Center

Dissolved
Inactive
Department of the Medical Center

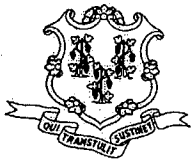
9-Mar-05

FYE 9-30-04 CHA COST STUDY

35 SAINT VINCENT'S MEDICAL CENTER

FORM 10 PAGE 1 ADJUSTMENTS TO EXPENSE

Item Description	Department Number	Department Name	(1) Debit	(2) Credit
Hall-Brooke Lab	44	Laboratory	0	103,500
Pathology Support	44	Laboratory	0	408,115
Hall-Brooke Pharmacy	23	Pharmacy Dept	0	42,750
Hall-Brooke Purchasing	11	Purchasing	0	12,500
Tuit-Advcardlifsupt	89	ER-Facility	0	968
Pay Cafeteria Sales	15	Pay Cafeteria	0	1,311,823
Copy Fees	31	Medical Records	0	161
Health Management Services	3	Employee Benefits	0	214
Employee Prescriptions	23	Pharmacy Dept	0	47,316
Medical Records Abstracts	31	Medical Records	0	3,119
Social Services	1	General Admin.	0	9,792
Medical Services Credentialing	25	Medical Care Admin	0	25,175
Reference Lab Income	44	Laboratory	0	25,028
Cardiac Cath Research	64	CARDIAC CATH	0	26,000
X-Ray Copies	39	Diag. Radiology	0	6,941
Outreach Services	91	Outpatient Clinics	0	16,922
Copy Fees - H.R.	3	Employee Benefits	0	135
Corporate Entity Expenses	4	General Accounting	0	745,743
Corporate Entity Expenses	7	Auto Data Processing	0	120,000
Corporate Entity Expenses	5	Patient Bill & Coll	0	230,100
Intercompany Benefits	3	Employee Benefits	0	11,011
St Joseph Family Center	91	Outpatient Clinics	0	72,653
Miscellaneous Cash	1	General Admin.	0	28,415
Women at Heart	65	CARDIAC REHAB	0	7,082
Especially for Women	38	Delivery Room	0	21,511
IHC's	91	Outpatient Clinics	0	52,720
Tuition-Uconn	23	Pharmacy Dept	0	21,250
Wellness Screenings	91	Outpatient Clinics	0	7,115
parking Lot Expenses	24	PARKING	0	710,410
Intercompany Admin	1	General Admin.	0	32,772
Breast Pump Rental	38	Delivery Room	0	11,879
Bio-Terrorism	20	Security Costs	0	25,550
Dept of OB-GYN	81	Maternity Unit	0	23,737
Vending Money	14	Dietary	0	7,528
Nuc Med Studies	42	Radioisotopes	0	4,395
>			0	0
>			0	0
>			0	0
>			0	0
>			0	0
>			0	0
>			0	0
Supplemental Page 2 Total			0	0
Supplemental Page 3 Total			0	0
Supplemental Page 4 Total			0	0
Totals			0	4,175,329
Net Form 10 Totals				-4,175,329



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: Debra Cardinali Esq.
FAX: 203-226-8025
AGENCY: Levett Rockwood
FROM: Karen Roberts, OHCA
DATE: 3/23/05 Time: 11:15 am
NUMBER OF PAGES: 7
(including transmittal sheet)

Comments:

Attached please find a completeness letter related to the CON Determination request regarding St Joseph's Family Life Center

**PLEASE PHONE
TRANSMISSION PROBLEMS.**

IF THERE ARE ANY

Phone: (860) 418-7001

Fax: (860) 418-7053

**410 Capitol Ave., MS#13HCA
P.O.Box 340308
Hartford, CT 06134**

Confirmation Report - Memory Send

Time : Mar-23-2005 11:20
Tel line : 8604187053
Name : OFFICE OF HEALTHCARE

Job number : 501
Date : Mar-23 11:17
To : 912032268025
Document pages : 007
Start time : Mar-23 11:17
End time : Mar-23 11:20
Pages sent : 007
Status : OK

Job number : 501

*** SEND SUCCESSFUL ***



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

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DATE: 3/23/05 Time: 11:15 am
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Comments:

Attached please find a completeness letter
related to the CON Determination request
regarding St Joseph's Family Life Center

PLEASE PHONE
TRANSMISSION PROBLEMS.

IF THERE ARE ANY

Phone: (860) 418-7001

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410 Capitol Ave., MS#13HCA
P.O. Box 340308
Hartford, CT 06134



LEVETT ROCKWOOD

P.C.

Attorneys-at-Law

DEBRA R. CARDINALI
dcardinali@levettrockwood.com

RECEIVED
DIRECT DIAL
(203) 222-3128
APR 11 PM 3:25
OFFICE OF
HEALTH CARE ACCESS

April 11, 2005

By Hand

Ms. Karen Roberts
Compliance Officer
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
Hartford, CT 06134-0308

Re: Docket Number 05-30457-DTR; a request for a Certificate of Need Determination
Closure of the St. Joseph's Family Life Center in Stamford, Connecticut

Dear Ms. Roberts:

As requested, enclosed are this original and three (3) copies of St. Vincent's Medical Center's responses to the questions listed in OHCA's letter dated March 18, 2005 to the undersigned and exhibits thereto. We have listed each question from the March 18, 2005 letter prior to our response.

We hope the enclosed explanations and materials are responsive to OHCA's questions and helpful in OHCA's review. Once you have had an opportunity to review these materials, we would welcome the opportunity to meet with you at your offices to answer any questions you might have and discuss our request in detail.

Please confirm your receipt of this letter and the enclosed documents by stamping the enclosed copy of this letter and returning it with our messenger.

Very truly yours,

Debra R. Cardinali

DRC:mmm
Enclosures

cc: Susan L. Davis, RN, Ed.D
St. Vincent's Medical Center
President and Chief Executive Officer (w/encl.)

1. Please provide a current copy of the general hospital license for Saint Vincent's Medical Center ("SVMC"), showing any and all satellite locations.

A copy of SVMC's current general hospital license is enclosed as Exhibit A to this letter.

St. Joseph's Family Life Center, LLC ("SJFLC") is not listed as a satellite of SVMC on the license. Since SJFLC is operated as a private physician practice, and medical services are provided under the licenses of the physicians providing services at SJFLC, SJFLC does not require licensure from the Department of Public Health. Accordingly, SJFLC is not included on SVMC's license.

[Note: We have provided one response to Questions 2 through 6.]

2. Please verify that the volume statistics related to patient volume at the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC volume.
3. Please verify that the operating expense related to the operation of the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC expense.
4. Please verify that any revenue received related to the operation of the St. Joseph's Family Life Center is not recorded on SVMC's books as SVMC revenue.
5. Please verify that no free care or bad debt related to the operation of the St. Joseph's Family Life Center is recorded on SVMC's books as SVMC free care or bad debt.
6. Does SVMC pay any of the salaries related to the employees of the St. Joseph's Family Life Center? Is SVMC the employer?

SJFLC is treated as a department of SVMC for accounting and bookkeeping purposes. The department activity consists only of operating expenses and miscellaneous fees and does not include any volume statistics, patient revenues, free care or bad debts. Expenses include salaries, which are paid by SVMC for payroll processing convenience. Each month, revenue equal to total expenses is recorded to recognize assets released from restricted funds set aside for SJFLC. The net result is "zero" to total income from operations. Therefore, the activity has no impact on uncompensated care, bad debt or free care. Theresa Kryspin, M.D., the holder of 100% of the membership interest in SJFLC (see response to Question 7 below), is an employee of SVMC who allocates certain of her time to SJFLC. The other employees who provide services to SJFLC are employees of SVMC who are dedicated full time to SJFLC. This structure was established for payroll processing efficiency and convenience. As noted above, expenses for salaries that SVMC pays to these employees is "charged back" to SJFLC, and revenue equal to these expenses is recorded to recognize assets released from restricted funds set aside for SJFLC.

7. Does Michael H. Summerer continue to hold 100% of the membership interest in the LLC?

No. As of October 29, 2004, Theresa Kryspin, M.D. became the holder of 100% of the membership interest in the LLC.

8. Provide all leases and agreements related to the St. Joseph's Family Life Center property and operations, including any agreement between SVMC (and any affiliated entities) and Stamford Hospital (and any affiliated entities) and between SVMC (and any affiliated entities) and St. Joseph's Family Life Center, LLC. Confidential information may be redacted from the copies submitted.

Copies of the leases and agreements responsive to this Question are enclosed as Exhibits B through F, as follows:

1. Leases relating to SJFLC property

Since there are a number of subleases relating to the facility leased by SJFLC, we have provided a chart outlining the relevant documents as the first page of this Exhibit

Exhibit B

2. Letter of Intent dated January 27, 1998, and Modification to Letter of Intent dated July 21, 1998, each between Stamford Health System, Inc. and St. Vincent's Health Services Corporation

Paragraph 4A of the Letter of Intent and Paragraphs 1, 2 and 3 of the Modification to Letter of Intent relate to SJFLC.

The Letter of Intent and Modification to Letter of Intent enclosed as Exhibit C were submitted to OHCA on October 19, 1998 in Docket 98-503, with portions redacted to protect confidential business information of the parties which was unrelated to any component of the CON. The enclosed copies of these documents redact the same confidential business information as was redacted when the documents were originally submitted in 1998. None of redacted information related to SJFLC.

Exhibit C

3. Limited Liability Company Operating Agreement of St. Joseph's Family Life Center, LLC, dated as of December 1, 2000

Exhibit D

4. Assignment of Membership Interest of St. Joseph's Family Life Center, LLC, dated October 29, 2004

Exhibit E

5. Letter agreement between St. Vincent's Medical Center and
Theresa Kryspin, M.D., dated October 29, 2004

Exhibit F

9. Attached herein (Attachment #1) is an August 25, 1998 submission from St. Vincent's Health Services Corporation and St. Vincent's Medical Center as co-applicants to Docket Number 98-503, which states that the St. Joseph's Family Life Center "*will be funded from the interest earned from a seven million and a three million dollar endowment established by SVHS and SHS, respectively. The SVHS endowment will be established by the proceeds of the sale of SJMC.*" Your March 18, 2005 submission indicates that the principal and interest related to the three million dollar endowment from SHS has been used to date to operate the facility. Please indicate if the seven million dollar endowment was ever established by SVHS and used for the operation of the St. Joseph's Family Life Center.

The information included as Attachment #1, which is part of a set of responses submitted by all the applicants to OHCA on August 25, 1998 in Docket Number 98-503, appears to have represented the applicants' intention at the time the information was submitted to OHCA, which we believe was subsequently modified. The Agreed Settlement dated October 30, 1998, among The Stamford Hospital, Stamford Health System, Inc. ("SHS"), Saint Joseph Medical Center, Inc., SVMC and St. Vincent's Health Services Corporation refers only to a \$3,000,000 grant to be made by SHS (see page 6 of the Agreed Settlement, which is attached as Exhibit G to this response). In accordance with the Agreed Settlement, this \$3,000,000 fund is currently being used to operate SJFLC.

10. Attachment #2 herein is a copy of pages from SVMC's Annual Reporting filed on March 1, 2005 for the fiscal year ending 9/30/2004. Like previous Annual Reporting filings, SVMC is indicating that St. Joseph's Family Life Center is a Department of the Medical Center. Please explain why SVMC has been reporting the center as a department for purposes of Annual Reporting to OHCA. In addition, please indicate if any of the information or data filed by SVMC to OHCA as apart of the Hospital Budget System has included St. Joseph's Family Living Center operations as a department of the hospital.

Please see response above to Questions 2 through 6.

11. Attachment #3 herein is a copy of Form 10, page 1 from the SVMC FY 2004 CHA Cost Study, filed with OHCA as part of FY 2004 Annual Reporting. Please explain why expenses related to the Center would be allocated to the Outpatient Clinics Department #91, if the Center is not a department of the Hospital.

Please see response above to Questions 2 through 6.

12. Please explain in detail how SVMC is reporting the Center for purposes of filing its Medicare Cost Report, as the St. Joseph's Family Life Center is given a cost center code of 100.10 throughout the FY 2004 Cost Report.

Reporting on the Medicare Cost Report is shown in the non-reimbursable section and has no effect on Medicare reimbursement. Other external reports, including OHCA and Connecticut Hospital Association reports, show the activity in a similar fashion, and as such have no impact on the financial performance of SVMC.

We note that the accounting and reporting treatment of SJFLC by SVMC does not change the fact that SJFLC is a separate legal entity, providing services to patients under individual physician licenses. As such, SJFLC is not required to be licensed by the Department of Public Health and in fact, is not so licensed. Thus, SJFLC cannot be an "affiliate" of SVMC for the purposes of certificate of need requirements under the definition of "affiliate" of health care institutions pursuant to Section 19a-630a of the OHCA statute. Likewise, as a legal matter, SJFLC is not a "subsidiary" of SVMC, as its membership interest is owned by a physician.

EXHIBIT A

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0057

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

St. Vincent's Medical Center of Bridgeport, CT, d/b/a St. Vincent's Medical Center is hereby licensed to maintain and operate a General Hospital.

St. Vincent's Medical Center is located at 2800 Main Street, Bridgeport, CT 06606

The maximum number of beds shall not exceed at any time:

47 Bassinets

397 General Hospital beds

This license expires September 30, 2005 and may be revoked for cause at any time.

Dated at Hartford, Connecticut, October 1, 2003.

License revised to reflect:

*Removed Satellite effective 12/1/2000

Satellites

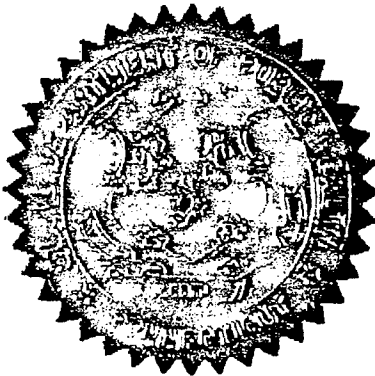
St. Vincent's Immediate Health Care, 4490 Main Street, Bridgeport, CT

St. Vincent's Immediate Health Care, 1055 Post Road, Fairfield, CT

St. Vincent's Immediate Health Care, 15 Armstrong Road, Shelton, CT

St. Vincent's Medical Center, Neighborhood At St. Joseph's Center, 43 Madison Avenue, Bridgeport, CT

Family Health Center, 760-762 Lindley Street, Bridgeport, CT

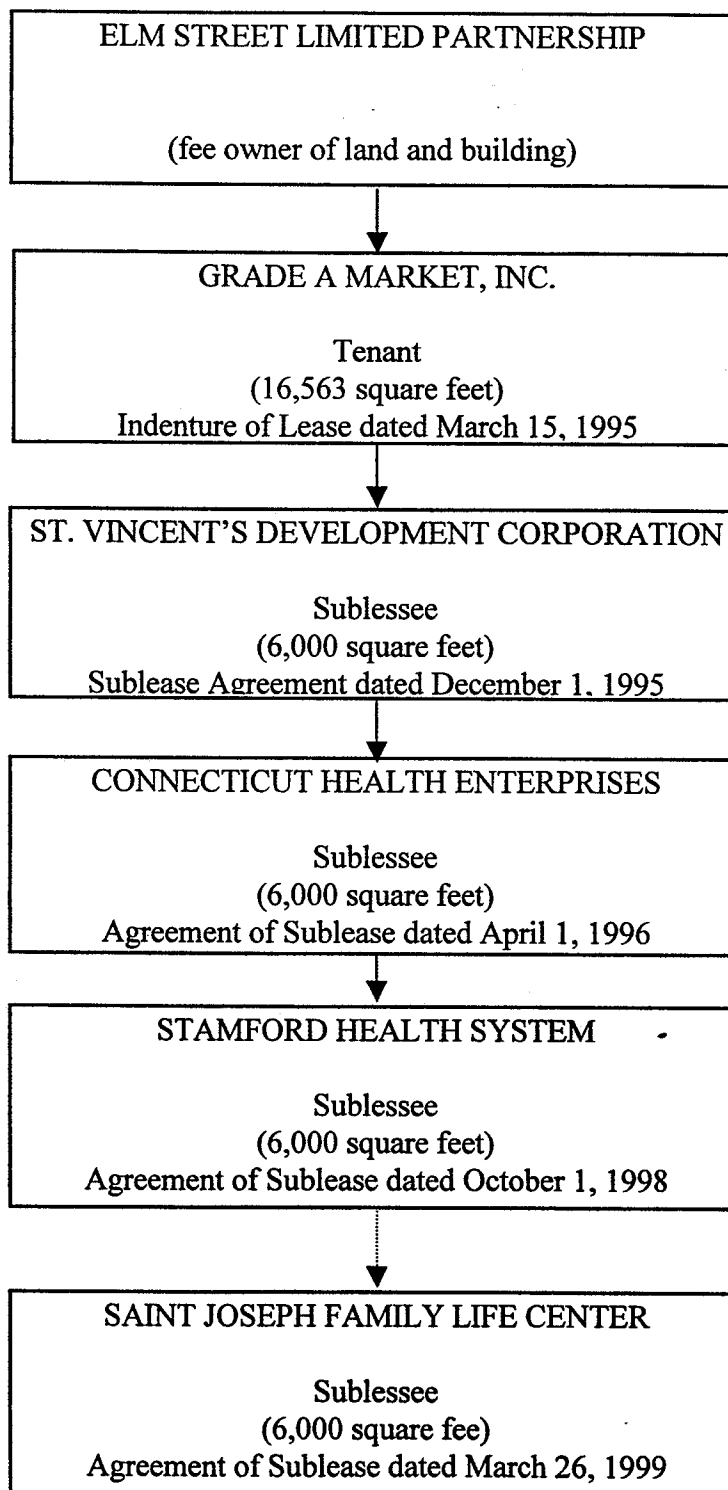


J Robert Galvin M.D., M.A.H.

J. Robert Galvin, M.D., M.P.H.,
Commissioner

EXHIBIT B

Chart
Cove Street Lease



AGREEMENT OF SUBLEASE

AGREEMENT OF SUBLEASE, made as of the 26 day of March, 1999, by and between STAMFORD HEALTH SYSTEM, INC., a Connecticut non-stock corporation with an address at Shelburne Road at West Main Street, Stamford Connecticut 06904 ("SHS") and ST. VINCENT'S DEVELOPMENT, INC. d/b/a/ SAINT JOSEPH FAMILY LIFE CENTER, a Connecticut corporation with an address at 2800 Main Street, Bridgeport, Connecticut 06606 ("Development").

WITNESSETH:

WHEREAS, Grade A Market, Incorporated ("Grade A") entered into a lease dated March 15, 1991 (the "Shopping Center Lease") between Grade A, as tenant, and Elm Street Limited Partnership ("Elm Street"), as landlord, covering approximately 16,563 square feet of space in the shopping center (the "Cove") located at Shippan Avenue and Elm Street in the City of Stamford, Connecticut; and

WHEREAS, Development entered into a sublease captioned "Sublease Agreement" on December 1, 1995 (the "Prime Lease"), between Grade A ("Prime Landlord"), as sublessor, and Development, as sublessee, covering approximately 6000 square feet on the first floor of a building at the Cove ("Building"), and shown as the cross-hatched area marked "AVAILABLE" on Exhibits A and A-1 to the Prime Lease, together with the use, in common with others, of the common areas associated therewith ("Prime Lease Premises"); and

WHEREAS, Connecticut Health Enterprises, L.L.C. ("CHE"), a Delaware limited liability company with an address at 401 Monroe Turnpike, Monroe, Connecticut 06468 entered into a sublease captioned "Agreement of Sublease" dated April 1, 1996 (the "CHE Sublease") between CHE, as sublessee, and Development, as sublessor, covering the Prime Lease Premises; and

WHEREAS, SHS entered into a sublease entitled "Agreement of Sublease" dated October 1, 1998 (the "SHS Sublease") between CHE, as sublessor, and SHS, as sublessee, covering the Prime Lease Premises; and

WHEREAS, Development desires to sublease from SHS the entire Prime Lease Premises ("Demised Premises"), and SHS desires to sublet the Demised Premises to Development on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Subleasing of Demised Premises. SHS hereby subleases to Development and Development hereby hires from SHS the Demised Premises, upon and subject to the terms and conditions hereinafter set forth.

2. Term. (a) The initial term of this Sublease (the "Term") shall commence on October 1, 1998 ("Commencement Date"), and shall expire November 27, 2005 ("Expiration Date"), one day prior to the expiration of the term of the SHS Sublease.

(b) It is the intent and purpose of SHS and Development that this instrument be

deemed a sublease of the Demised Premises and not an assignment of SHS's interest in the CHE Sublease.

3. Rent. Throughout the Term, Development shall pay to SHS as rent under this Sublease ("Sublease Rent"), \$1.00 per annum. Other than charges for water, gas, electric, telephone and any other utilities used or consumed in the Demised Premises, Development shall not be liable for any other expenses, charges or fees chargeable or allocable to the Demised Premises which may be required to be paid by SHS during the term of this Sublease under any of the provisions of the Prime Lease, CHE Sublease or SHS Sublease, or otherwise.

4. Incorporation of Terms of Prime Lease, CHE Sublease and SHS Sublease. Except as otherwise specifically provided in this Sublease, the terms, provisions, covenants, stipulations, conditions, rights, obligations, remedies and agreements of the Prime Lease, CHE Sublease and SHS Sublease are incorporated herein by reference, and shall constitute the terms of this Sublease except to the extent they do not relate to the Demised Premises or are inapplicable, inappropriate, inconsistent with, or modified by the provisions of this Sublease. Copies of the Prime Lease, CHE Sublease and SHS Sublease are attached hereto as Exhibit A, Exhibit B and Exhibit C, respectively.

5. Development's Obligations. Except as otherwise specifically provided in this Sublease, all acts and obligations to be performed and all of the terms and conditions to be observed by the respective tenant or subtenant under the Prime Lease, CHE Sublease and SHS Sublease shall be performed and observed by Development with respect to the Demised Premises. Development shall indemnify SHS against, and hold SHS harmless from, all claims, damages, costs, expenses and liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) in respect of the non-performance or non-observance of any such acts, terms, conditions and obligations. In furtherance of the foregoing, neither Development nor SHS shall, with respect to the Demised Premises, (i) take any action inconsistent with the terms of the Prime Lease, CHE Sublease and SHS Sublease, or (ii) do or permit to be done anything prohibited under the Prime Lease, CHE Sublease and SHS Sublease.

6. Indemnity. (a) SHS shall indemnify Development against, and hold Development harmless from, any and all losses, costs, damages, expenses, charges or liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by Development by reason of any breach or default by SHS in the observance or performance of its obligations under this Sublease and/or the Prime Lease, CHE Sublease and SHS Sublease.

(b) Development shall indemnify SHS against, and hold SHS harmless from, any and all losses, costs, damages, expenses, charges or liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by SHS by reason of any breach or default by Development in the observance or performance of its obligations under this Sublease.

7. Quiet Enjoyment. As long as Development pays, when due, all of the Sublease Rent and performs and observes all of the obligations, terms and conditions herein contained, SHS covenants that Development shall peaceably and quietly have, hold and enjoy the Demised Premises, subject to the terms and conditions of this Sublease.

8. Notices. Except as otherwise provided in this Sublease, every notice, demand, consent, approval, request or other communication ("Notice") which may be or is required to be given under this Sublease or by law shall be in writing and shall be sent or given either by (i) United States Certified Mail, postage prepaid, return receipt requested, or (ii) by a recognized, national overnight package delivery service, or (iii) by hand delivery to the party at its address first set forth above. Any Notice given by U.S. Certified Mail shall be deemed given two business days after the date of

deposit with the U.S. Postal Service. Any Notice given by means of such overnight delivery service shall be deemed given one business day after deposit with such overnight delivery service. Any Notice given by hand delivery shall be deemed given at the time of delivery. Either party may designate, by Notice to the other party, any other address or party for such purposes.

9. Miscellaneous. All understandings and agreements heretofore had between the parties hereto with respect to the subject matter of this Sublease are merged in this Sublease, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement, representation or warranty made by the other (or any agent or employee of the other) not embodied in this Sublease.

(a) This Sublease shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties hereto.

(b) The paragraph headings appearing herein are for purposes of convenience only and are not deemed to be a part of this Sublease nor given any effect in construing the terms of this Sublease.

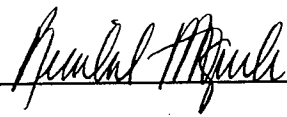
(c) This Sublease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

(d) This Sublease shall be governed by and construed in accordance with the laws of the State of Connecticut.

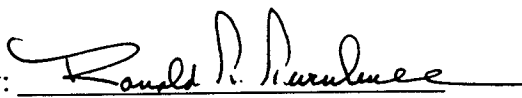
(e) SHS and Development do not intend that the property interest created by this Sublease merge with any other property interest of Development in the Demised Premises, including without limitation any interest created under the Prime Lease.

IN WITNESS WHEREOF, this Sublease has been duly executed as of the day and year first above set forth.

ST. VINCENT'S DEVELOPMENT, INC.

By: 
Its
Hereunto Duly Authorized

STAMFORD HEALTH SYSTEM, INC.

By: 
Its
Hereunto Duly Authorized

C-1

AGREEMENT OF SUBLEASE, made as of the 1st day of October 1, 1998 by and between CONNECTICUT HEALTH ENTERPRISES, L.L.C., a Delaware limited liability company with an address at 401 Monroe Turnpike, Monroe Connecticut 06468 ("Landlord") and STAMFORD HEALTH SYSTEM, a private non-profit 501(C)(3) corporation with an address at Shelburne Road & West Broad Street, Stamford 06904 ("Tenant").

WITNESSETH:

WHEREAS, Landlord entered into a sublease on April 1, 1996 (the "Sublease" - Attachment A) between ST. VINCENT'S DEVELOPMENT, INC. ("Sublease Landlord"), as landlord, and Landlord, as tenant thereunder, covering premises in the center ("Center") located at at Shippan Avenue and Elm Street, Stamford, Connecticut;

WHEREAS Sublease Landlord entered into a lease on December 1, 1995 (the "Prime Lease" - Attachment B); between Grade A Market ("Prime Landlord"), as landlord, and Sublease Landlord as tenant thereunder, covering premises in the Center at Shippan Avenue and Elm Street, Stamford, Connecticut;

WHEREAS, the premises covered by the Prime Lease consist of approximately 6,000 square feet on the first floor of a building at the Center together with the use of Common Areas, if any, associated therewith, as described in Exhibits A and A-1 to the Prime Lease ("Prime Lease Premises");


WHEREAS, Tenant desires to sublease from Landlord the entire Prime Lease Premises ("Demised Premises"), and Landlord desires to sublet the Demised Premises to Tenant on the terms and conditions set forth on Attachment A.

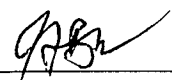
NOW, THEREFORE, in consideration of the Demised Premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree to transfer 100% of the Demised Premises and lease responsibilities to Stamford Health System.

IN WITNESS WHEREOF, this Sublease has been duly executed as of the day and year first above set forth.

STAMFORD HEALTH SYSTEM

CONNECTICUT HEALTH ENTERPRISES

By: 
Its: EVP & COO
Hereunto Duly Authorized

By: 
Its: Managing Director
Hereunto Duly Authorized

ab:sublease.doc

Execution

AGREEMENT OF SUBLEASE

AGREEMENT OF SUBLEASE, made as of the 1st day of April, 1996, by and between ST. VINCENT'S DEVELOPMENT, INC., a Connecticut corporation with an address at 2800 Main Street, Bridgeport, Connecticut 06606 ("Landlord") and CONNECTICUT HEALTH ENTERPRISES, L.L.C., a Delaware limited liability company with an address at c/o Vincentures, Inc., 2800 Main Street, Bridgeport, Connecticut 06606 ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord entered into a lease captioned "Sublease Agreement" on December 1, 1995 (the "Prime Lease"), between Grade A Market, Incorporated ("Prime Landlord"), as landlord, and Landlord, as tenant thereunder, covering premises in the center located at Shippan Avenue and Elm Street in the City of Stamford, Connecticut, as shown on Exhibit A to the Prime Lease;

WHEREAS, the premises covered by the Prime Lease consist of approximately 6000 square feet on the first floor of a building at the center ("Building"), and shown as the cross-hatched area marked "AVAILABLE" on Exhibits A and A-1 to the Prime Lease, together with the use, in common with others, of the Common Areas, associated therewith ("Prime Lease Premises"); and

WHEREAS, Tenant desires to sublease from Landlord the entire Prime Lease Premises ("Demised Premises"), and Landlord desires to sublet the Demised Premises to Tenant on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the Demised Premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Subleasing of Demised Premises. Landlord hereby subleases to Tenant and Tenant hereby hires from Landlord the Demised Premises, upon and subject to the terms and conditions hereinafter set forth.

2. Term. (a) The initial term of this Sublease (the "Term") shall commence on April 1, 1996 ("Commencement Date"), and shall expire November 29, 2005 ("Expiration Date"), one day prior to the expiration of the initial term of the Prime Lease.

(b) It is the intent and purpose of Landlord and Tenant that this instrument be deemed a sublease of the Demised Premises and not an assignment of Landlord's interest in the Prime Lease.

(c) At any time during the Term, as the same may be extended, Landlord shall have the option, exercisable in its reasonable discretion, to terminate this Sublease on sixty (60) days written notice to Tenant (the "Notice") in the event that there is a change in the membership interests of Tenant or the Amended and Restated Management Agreement between PHP/IHS, Inc. and Tenant is terminated for any reason. In the event that Landlord elects to terminate this Sublease for the foregoing reason, this Sublease shall be terminated as if the Expiration Date were the date which is sixty (60) days from the date of Landlord's Notice.

3. Rent. (a) Throughout the Term, Tenant shall pay to Landlord as rent under this Sublease ("Sublease Rent"), the amounts described below. If the Commencement or Expiration Dates occur other than on the first or last days of a month, respectively, Sublease Rent for such months shall be pro rated on a per diem basis.

(i) Prime Lease Base Rent: The Fixed Rent payable under Section 4.1(a) of the Prime Lease, as shown on Exhibit A hereto, commencing with the installment due April 1, 1996.

(ii) Prime Lease Additional Rent: Any other expenses, charges or fees chargeable or allocable to the Demised Premises which may be required to be paid by Landlord during the term of this Sublease under any of the provisions of the Prime Lease, including without limitation Landlord's share of Taxes, Costs of Operation and Insurance. Any such charges which are payable monthly under the Prime Lease shall be payable monthly hereunder together with the Prime Lease Base Rent. The monthly charge for Costs of Operation, as set forth in Section 6.1.4 of the Prime Lease is ~~\$490~~.

(iii) Development Expense Rent: ~~5,305.00~~ per month.

(iv) Overhead Rent: ~~\$161~~ per month, increasing over the Term by 3% per year, such increase to be effective as of October 1 of each year during the Term, as the same may be extended.

(b) The Sublease Rent shall be payable without demand or offset on the ~~twenty-fifth day of each month~~ (or, with respect to additional rent including Prime Lease Additional Rent which is payable on demand, promptly after demand is made, and no later than the date such payment is due, with shortened periods as provided in Paragraph 19 hereof for payments due under the Prime Lease) throughout the Term. Any demand for additional rent shall be accompanied by (i) reasonable documentation of the costs giving rise to the claim for additional rent, or (ii) in the case of Prime Lease Additional Rent, a copy of Prime Landlord's demand and any

supporting documentation which accompanied such demand. The Sublease Rent shall be paid at the office of Landlord set forth above or at such other address as Landlord may direct, in lawful money of the United States of America.

(c) Any Sublease Rent not paid within five days after the due date thereof shall be subject to a late fee of \$50.00 plus any late charge incurred under the Prime Lease as a result of such late payment by Tenant. This late charge provision shall not be construed to relieve Tenant of its obligation to pay Sublease Rent at the time or times required under this Sublease. The demand for or collection of any late charge shall not be deemed to cure any default by Tenant.

4. Special Charges. Throughout the Term, within five days after demand by Landlord, which demand shall be accompanied by reasonable documentation of such costs, Tenant shall pay to Landlord any costs, charges, deposits or other amounts relating solely to, or incurred solely in connection with, Tenant's occupancy of the Demised Premises and the providing of services requested or consented to by Tenant with respect thereto ("Special Charges"). In addition, pursuant to Section 7.1 of the Prime Lease, Tenant shall pay directly to the appropriate utility all charges for water, gas, electric, telephone and any other utilities used or consumed in the Demised Premises.

5. Rental. All of the amounts payable by Tenant pursuant to this Sublease, including, without limitation, Sublease Rent and Special Charges, if any, and all other costs, charges, sums and deposits payable by Tenant hereunder or under any provisions of the Prime Lease (collectively, "Rental"), shall constitute rent under this Sublease and, in the event of Tenant's failure to pay same when due, Landlord shall have all of the rights and remedies provided for herein or by law in the case of nonpayment of rent. Tenant's obligation hereunder to pay any Rental accrued but unpaid as of the Expiration Date shall survive the expiration or earlier termination of this Sublease.

6. Incorporation of, and Subordination to, Terms of Prime Lease. (a) Except as otherwise specifically provided in this Sublease, the terms, provisions, covenants, stipulations, conditions, rights, obligations, remedies and agreements of the Prime Lease are incorporated herein by reference, and shall, as between Landlord and Tenant (as if they were the Landlord and Tenant, respectively, under the Prime Lease) constitute the terms of this Sublease except to the extent they do not relate to the Demised Premises or are inapplicable, inappropriate, inconsistent with, or modified by the provisions of this Sublease.

(b) This Sublease is in all respects subject and subordinate to the terms and conditions of the Prime Lease. A copy of the Prime Lease is attached hereto as Exhibit B.

(c) This Sublease is in all respects subject and subordinate to all matters to which the Prime Lease is or shall be subordinate (hereinafter collectively referred to as "Title Matters"), including, without limitation, the underlying lease dated March 15, 1991 ("Ground Lease") from Elm Street Limited Partnership, as landlord ("Ground Lessor"), to Prime Landlord, as tenant, a copy of which is attached as Exhibit C hereto. This subparagraph shall be self-operative and no further instrument of subordination shall be required by any party. In confirmation of such subordination, Tenant shall execute promptly any certificate that Landlord or Prime Landlord may request. Any certificate requested by Landlord shall include a non-disturbance agreement from Landlord, subject, however, to the terms of this Lease, the Prime Lease and the Ground Lease.

7. Tenant's Obligations. Except as otherwise specifically provided in this Sublease, all acts and obligations to be performed and all of the terms and conditions to be observed by Landlord as tenant under the Prime Lease shall be performed and observed by Tenant with respect to the Demised Premises, and Tenant's obligations shall run to Landlord or Prime Landlord as Landlord may determine to be appropriate or required by the respective interests of Landlord and Prime Landlord. Tenant shall indemnify Landlord against, and hold Landlord harmless from, all claims, damages, costs, expenses and liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) in respect of the non-performance or non-observance of any such acts, terms, conditions and obligations. In furtherance of the foregoing, neither Tenant nor Landlord shall, with respect to the Demised Premises, (i) take any action inconsistent with the terms of the Prime Lease or any Title Matters, (ii) do or permit to be done anything prohibited under the Prime Lease or any Title Matters, or (iii) take any action or do or permit to be done anything which would result in any additional cost or expense or other liability being incurred by Landlord under the provisions of the Prime Lease, which additional cost, expense or liability Tenant does not promptly reimburse to Landlord or assume, as the case may be, or (iv) do or permit to be done by Tenant's contractors, agents, employees, invitees, guests or licensees anything which would cause Landlord to be in default with respect to those obligations of Landlord, as tenant under the Prime Lease, if any, which are not the obligations of Tenant hereunder. Tenant's obligations under this Paragraph 7 shall survive the expiration or earlier termination of this Sublease. If any term and/or condition of this Sublease shall conflict with, or be inconsistent with, any term and/or condition of the Prime Lease or any Title Matters, or if exercised hereunder would constitute a default under or breach

of the Prime Lease or any Title Matters, this Sublease shall be deemed amended to comply or be consistent with the Prime Lease or any such Title Matters, or both. Landlord and Tenant shall not take or suffer any action in connection with the use and enjoyment of the Demised Premises by Tenant which would constitute a default under, or be a violation of, the Prime Lease or any Title Matters, or both.

8. Landlord's Obligations. Tenant agrees that, notwithstanding anything to the contrary in this Sublease or in the Prime Lease, Landlord shall not be required to provide any of the services or make any of the maintenance, repairs or restorations or take any actions or perform or pay for any work or do any other act or thing that Prime Landlord has agreed to provide, to make, to take, to do or to pay for or to cause to be provided or made or taken or done under the provisions of the Prime Lease, and Tenant shall rely upon, and look solely to Prime Landlord for the provision or making or doing thereof. Landlord agrees to use reasonable efforts to enforce its rights pursuant to the Prime Lease for the benefit of Tenant upon Tenant's written request, and Tenant agrees to reimburse Landlord for any reasonable costs incurred in connection with the enforcement of such rights. Landlord agrees to hereinafter duly perform all of the terms, covenants and conditions on Landlord's part to be performed as tenant under the Prime Lease except for those of same which have been undertaken by Tenant pursuant to the terms of this Sublease, including Landlord's obligation to pay rent and additional rent as tenant under the Prime Lease. If Prime Landlord shall default in the performance of any of Prime Landlord's obligations under the Prime Lease which affect the Demised Premises, Tenant, upon written notice to Landlord, shall have the right, if Landlord shall fail to do so within a reasonable time after Tenant's request therefor (or immediately after Tenant's request therefor in an emergency), at Tenant's sole cost and expense, and in the name of Landlord, to make, demand or institute any appropriate action or proceeding or utilize any other method of relief appropriate under the Prime Lease against Prime Landlord for the enforcement or performance of said obligations or for the collection of damages resulting from a breach by Prime Landlord of such obligations. Except as otherwise specifically set forth herein, it is understood that Landlord shall have no obligation to commence any action at law or in equity to obtain any such relief, but if Landlord does so elect to seek such relief Landlord may, after notice to and consent of Tenant, prosecute and/or settle such claim, at Tenant's reasonable cost and expense, and any such settlement shall be made in good faith and with consideration to Tenant's interests and to Landlord's interests. Landlord agrees that it shall sign, to the extent Landlord's signature is legally required or required under the provisions of the Prime Lease, such demands, pleadings and/or other papers that may be reasonably required and shall otherwise cooperate with Tenant as may be reasonably necessary to enable

Tenant to proceed in Landlord's name to enforce the Prime Landlord's obligations under the Prime Lease, provided that Tenant shall indemnify Landlord against, and hold Landlord harmless from, any and all loss, cost, damage, expense or liability (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by Landlord by reason of the prosecution by Tenant of any such proceeding or action. Tenant's obligations under this Paragraph shall survive the expiration or earlier termination of this Sublease. Tenant shall not make any claim against Landlord for any damage which may arise nor shall Tenant's obligations under this Sublease be impaired or diminished by reason of (i) the failure of Prime Landlord to keep, observe or perform any of Prime Landlord's obligations pursuant to the Prime Lease, or (ii) the acts or omissions of Prime Landlord and each of its agents, contractors, servants, employees, invitees or licensees, provided that such failure, act or omission is not caused by Landlord's default under this Sublease.

9. Indemnification. (a) Tenant shall indemnify Landlord against, and hold Landlord harmless from, any and all losses, costs, damages, expenses, charges or liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by Landlord by reason of, and defend Landlord against all claims, actions, proceedings and suits relating to (i) the conduct of Tenant's business in, or use, occupancy and management of, the Demised Premises, (ii) any injuries to persons or damage to property occurring in, on or about the Demised Premises except to the extent caused by Landlord's negligence or wilful misconduct, (iii) any breach or default by Tenant in the observance or performance of the covenants and agreements contained herein, or in the Prime Lease or Ground Lease, as incorporated herein, (iv) any work or thing whatsoever done, or any condition created, in, on or about the Demised Premises prior to or during the Term by Tenant, or (v) any act or omission of Tenant, its contractors, agents, servants, employees, invitees, guests or licensees (collectively, "Tenant's Agent's"), or (vi) losses of or damage to property, injury to persons or of any other tenant of the Building, arising out of or in connection with any alterations, additions or improvements in, to or around the Demised Premises, or acts, omissions or negligence in connection therewith, caused in whole or in part by Tenant or Tenant's Agents, except to the extent caused by Landlord's negligence or wilful misconduct. For the purposes of this Paragraph 9, Tenant's obligation to indemnify Landlord shall encompass any breach, act or omission of anyone in or occupying the Demised Premises, including, but not limited to, Tenant or Tenant's Agents.

(b) Landlord shall indemnify Tenant against, and hold Tenant harmless from, any and all losses, costs, damages, expenses, charges or liabilities (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by Tenant by

reason of any breach or default by Landlord in the observance or performance of the covenants and agreements contained herein, including any express obligation of Landlord hereunder to observe or perform any of the covenants or agreements contained in the Prime Lease.

10. Use. Tenant shall use and occupy the Demised Premises solely for the uses permitted under the Prime Lease and the Ground Lease or for any other use consented to by Prime Landlord. Tenant shall not use or permit the use of the Demised Premises or any part thereof in any manner prohibited under the Prime Lease or the Ground Lease or applicable laws or ordinances.

11. Default by Tenant. If Tenant shall be in default of any covenant, term or condition of this Sublease which constitutes a default under the provisions of the Prime Lease or Ground Lease, (hereinafter referred to as a "Default"), Landlord, on giving the notice required under the Prime Lease (as such notice requirement is modified pursuant to Paragraph 19 hereof) and subject to the right, if any, of Tenant to cure any such default as may be provided Landlord in the Prime Lease as incorporated herein by reference, shall have available to it all of the remedies available to the Prime Landlord under the Prime Lease as if Landlord had caused the corresponding default or failure to occur under the Prime Lease (the "Basic Remedies") or elect the alternatives set forth in subparagraphs (i) or (ii) below as follows:

(i) Terminate the Sublease and demand possession of the Demised Premises. If this Sublease is terminated pursuant to the provisions of this subparagraph (i), Tenant shall immediately pay Landlord all Sublease Rent, Rental and other sums due and owing to Landlord as of the date of such termination, without offset or reduction for any future re-letting of the Demised Premises. Further, Tenant will remain liable to Landlord for damages in an amount equal to the Sublease Rent, Rental and other sums which would have been owing by Tenant under this Sublease for the balance of the Term if this Sublease had not been terminated, less the net proceeds, if any, of any re-letting of the Demised Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such reletting including, without limitation, the expenses set forth in subparagraph (ii) below; or

(ii) (a) Without terminating the Sublease, re-enter and take possession of the Demised Premises or any part of the Demised Premises; and repossess the Demised Premises as of Landlord's former estate; and remove the effects of Tenant or those claiming through or under Tenant without being deemed guilty of any manner of trespass and without prejudice to the Landlord's rights. If Landlord elects to re-enter and take

possession of the Demised Premises, as provided in this subparagraph (ii), Landlord may, from time to time, without terminating this Sublease, re-let the Demised Premises or any part of the Demised Premises, in Landlord's or Tenant's name but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Sublease) and on such terms and conditions (which may include, without limitation, concessions of free rent, and the alteration and repair of the Demised Premises) as Landlord, in its sole discretion, may determine. Landlord may collect and receive the rents for the Demised Premises. Landlord will not be responsible or liable for any failure to re-let the Demised Premises, or any part of the Demised Premises, or for any failure to collect any rent due upon such re-letting. No such re-entry or taking possession of the Premises by Landlord will be construed as an election on Landlord's part to terminate this Sublease unless a written notice of such intention is given to Tenant. Landlord reserves the right following any such re-entry or re-letting, or both, to exercise its right to terminate this Sublease, and in that event the Sublease will terminate as specified in a written notice from Landlord.

(b) If Landlord elects to take possession of the Demised Premises according to this subparagraph (ii) without terminating the Sublease, Tenant will pay Landlord (A) the Sublease Rent and additional rent and other sums which would be payable under this Sublease if such repossession had not occurred, less (B) the net proceeds, if any, of any re-letting of the Demised Premises after deducting all of Landlord's expenses incurred in connection with such re-letting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, expenses of employees, alteration, remodeling, repair costs, and expenses of preparation for such re-letting. If, in connection with any reletting, the new sublease term extends beyond the existing term or the Demised Premises covered by such re-letting include areas which are not part of the Demised Premises, a fair apportionment of the rent received from such re-letting and the expenses incurred in connection with such re-letting will be made in determining the net proceeds received from such re-letting. In addition, in determining the net proceeds from such re-letting, any rent concessions will be apportioned over the term of the new lease. Tenant will pay such amounts to Landlord monthly or otherwise on the days on which the rent and all other amounts owing under this Lease would have been payable if possession had not been retaken and Landlord will be entitled to receive the rent and other amounts from Tenant on each such day.

12. Quiet Enjoyment. As long as Tenant pays, when due, all of the Sublease Rent and other Rental due hereunder and performs and observes all of the obligations, terms and conditions herein contained and contained in the Prime Lease and Ground Lease as herein incorporated, Tenant shall peaceably and quietly have, hold and enjoy the Demised Premises, subject to the terms and conditions of this Sublease.

13. Alterations. Tenant shall make no alterations, additions or improvements to the Demised Premises without obtaining the prior written consent of Prime Landlord and Landlord. Landlord's consent to such improvements shall not be unreasonably withheld. Prior to commencing any alterations or improvements, Tenant shall provide to Landlord a copy of Prime Landlord's and Ground Lessor's consent to the same.

14. Destruction, Fire and Other Casualty; Condemnation. Notwithstanding anything to the contrary contained in this Sublease or the provisions of the Prime Lease or Ground Lease as incorporated herein by reference: (a) in the event the Demised Premises shall be damaged or destroyed as a result of any fire or other casualty, neither Tenant nor Landlord shall have the right to terminate this Sublease; except that this Sublease may terminate as the result of Landlord's election to terminate the Prime Lease, as set forth below; (b) in the event the whole or any part of the Demised Premises shall be condemned or taken in any manner for public or quasi-public use, Tenant shall have the same right to terminate this Sublease, as Landlord, as tenant under the Prime Lease, has to terminate the Prime Lease; and (c) Tenant shall have no right to an abatement of Sublease Rent unless Landlord is entitled to a corresponding abatement with respect to its corresponding obligation under the Prime Lease. If by reason of such fire or casualty, Prime Landlord or Landlord elects to terminate the Prime Lease in accordance with the provisions of the Prime Lease, then upon such termination of the Prime Lease, this Sublease shall be automatically terminated as if such date of termination were the Expiration Date. Landlord's election or failure to elect to terminate the Prime Lease shall be at Landlord's discretion.

15. Modification of the Prime Lease. (a) In all provisions of the Prime Lease requiring the approval or consent of the "Landlord", Tenant shall be required to obtain the approval or consent of both Prime Landlord and Landlord. Landlord's consent shall be not unreasonably withheld, and, if Landlord consents, and if requested by Tenant, Landlord shall, at Tenant's expense, make reasonable efforts to obtain the approval or consent of the Prime Landlord. In all provisions of the Prime Lease requiring that notice be given to the "Landlord", Tenant shall be required to give notice to Prime Landlord and Landlord.

(b) The following provisions of the Prime Lease, only for the purpose of incorporation by reference herein, are deemed to be deleted therefrom and shall be of no force and effect as between Landlord and Tenant: Section 1.4 and the provisions of Section 2.3 relating to Lessor's Work and Lessee's Work and the Work Letter referenced therein as Exhibit C.

16. Termination of Prime Lease. (a) If for any reason whatsoever (other than due to a voluntary willful surrender thereof or assignment by Landlord to Prime Landlord or Landlord's default under the Prime Lease) the term of the Prime Lease is terminated prior to the Expiration Date, this Sublease shall thereupon automatically be terminated, as if the Expiration Date were one day prior to the date of termination under the Prime Lease, and Landlord shall not be liable to Tenant by reason thereof, except as expressly provided herein. Landlord reserves the right to transfer and assign its interest in and to this Sublease, provided, however, that any such assignee shall assume the obligations of Landlord under this Sublease and shall be the holder of Landlord's leasehold interest under the Prime Lease.

(b) If Tenant, or any entity affiliated with Tenant or affiliated with any officers, directors or shareholders of Tenant, purchases the Building, then Tenant shall cancel the Prime Lease, or cause the purchaser to cancel the Prime Lease, as of the date of title closing.

17. Condition of the Demised Premises. (a) Tenant acknowledges that it has examined and inspected the Demised Premises and is fully familiar with the physical condition thereof and agrees to take possession of the Demised Premises "as is" as of the date hereof. Tenant acknowledges that Landlord or its agents or employees have not made and do not make any representations or warranties as to the physical condition of the Demised Premises, the use to which the Demised Premises may be put, or any other matter or thing affecting or relating to the Demised Premises, except as specifically set forth in this Sublease (excluding anything in the Prime Lease incorporated herein by reference). Landlord shall have no obligation whatsoever to alter, improve, decorate or otherwise prepare the Demised Premises for Tenant's occupancy. Tenant assumes full responsibility for performing or causing Prime Landlord to perform any additional work or supply any materials required to prepare the Demised Premises for Tenant's occupancy. Any such work shall be performed solely at Tenant's expense.

18. Consents. If, as required by the terms of this Sublease, Tenant seeks Landlord's consent or approval, Landlord's refusal to grant such consent or approval shall be deemed reasonable if Landlord is required under the Prime Lease to obtain such consent or approval of Prime Landlord and Prime Landlord has

refused or failed, pursuant to the Prime Lease, to grant such consent or approval. Any provision of this Sublease which requires Landlord not to unreasonably withhold its consent shall never be the basis for an award of damages or give rise to a right of setoff on Tenant's behalf, but may be the basis for a declaratory judgment or injunction with respect to the matter in question.

19. Time Limits. Except as specifically set forth herein, the parties hereto agree that any time limit of ten (10) days or more set forth in the Prime Lease for the giving of notices to Landlord as tenant, or the making of demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, by Landlord as tenant under the Prime Lease shall be modified for the purposes of this Sublease, by shortening the same in each instance by five (5) days and that any other time limit of three (3) days or more but not more than nine (9) days set forth in the Prime Lease for the giving of notices to tenant, or the making of demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, by tenant shall be modified for the purposes of this Sublease by shortening the same in each instance by one (1) day. Such time limits set forth in the Prime Lease relating to activities of Prime Landlord shall be modified for purposes of this Sublease by lengthening same in each instance by five (5) days. Each party shall, no later than two (2) days after receipt thereof, give to the other party a copy of any notice, demand or other communication received from Prime Landlord relating to the Demised Premises.

20. Insurance. Notwithstanding any provisions of the Prime Lease to the contrary, Tenant shall obtain and keep in full force and effect during the entire term of this Sublease, at its sole cost and expense, such additional insurance as Landlord may from time to time reasonably require. Tenant shall pay all premiums and charges for such insurance, and in the event Tenant shall fail to obtain such insurance, Landlord may, but shall not be obligated to, obtain the same, in which event the amount of the premium paid shall be paid by Tenant to Landlord upon demand and shall in each instance be collectible on the first day of the month following the date of notice by Landlord in the same manner and with the same remedies as though said sums were Additional Rent reserved hereunder. Tenant will include in such insurance policies a provision to the effect that the same will be non-cancelable except upon thirty (30) days' advance written notice to Landlord and that any act or omission of Tenant will not invalidate the policy as to Landlord. The original insurance policies or appropriate certificates shall be promptly deposited with Landlord, together with any renewals, replacements or endorsements thereto.

21. Assignment and Subletting. Tenant shall obtain the prior written consent of the Landlord to any assignment of this Sublease or to a further subletting of all or any portion of the

Demised Premises, and Landlord's consent, if given, shall be subject in all respects to the provisions of Article XV of the Prime Lease and any applicable provisions of the Ground Lease.

22. Brokerage. Tenant represents and warrants that it did not deal with any broker in connection with this Sublease. Tenant does hereby indemnify and agree to hold Landlord harmless from and against any and all claims of or liabilities to any broker (including, but not limited to, reasonable attorneys' fees and disbursements) by reason of Tenant's acts in connection with this Sublease (an "Indemnified Claim"). In the event any Indemnified Claim shall be made, Tenant shall defend any such action by counsel selected by Tenant and reasonably approved by Landlord. Landlord represents that it has not listed the Demised Premises with any broker. Landlord does hereby indemnify and agree to hold Tenant harmless from and against any and all damage, expense or liability arising out of any inaccuracy in the foregoing representation (including, without limitation, reasonable attorneys' fees and disbursements).

23. End of Term. Tenant acknowledges that possession of the Demised Premises must be surrendered to Landlord at the expiration or sooner termination of the term of this Sublease, in the condition required under the applicable provisions of the Prime Lease. Tenant agrees to indemnify and save Landlord harmless from and against any and all loss, cost, expense, or liability (including, without limitation, reasonable attorneys' fees and disbursements) resulting from the failure of or the delay by Tenant in so surrendering the Demised Premises, including, without limitation, any claims made by Prime Landlord or any succeeding tenant, founded on such failure or delay. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Demised Premises after the expiration or sooner termination of the term hereof. The provisions of this Paragraph shall survive the expiration or sooner termination of the term of this Sublease.

24. Notices. Except as otherwise provided in this Sublease, every notice, demand, consent, approval, request or other communication ("Notice") which may be or is required to be given under this Sublease or by law shall be in writing and shall be sent or given either by (i) United States Certified Mail, postage prepaid, return receipt requested, or (ii) by a recognized, national overnight package delivery service, or (iii) by hand delivery to the party at its address first set forth above. Any Notice given by U.S. Certified Mail shall be deemed given two business days after the date of deposit with the U.S. Postal Service. Any Notice given by means of such overnight delivery service shall be deemed given one business day after deposit with such overnight delivery service. Any Notice given by hand delivery shall be deemed given at the time of delivery. Either party may

designate, by Notice to the other party, any other address or party for such purposes.

25. No Waivers. Failure by either party to this Sublease in any instance to insist upon the strict performance of any one or more of the obligations of the other party under this Sublease, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by that party of any of the other party's defaults or breaches hereunder or of any of the other party's rights and remedies by reason of such defaults or breaches that the other party is entitled to, or a waiver or relinquishment for the future of the requirement of strict performance of any and all of the other party's obligations hereunder.

26. Miscellaneous. (a) Landlord represents and warrants to Tenant that:

(i) the Prime Lease is in full force and effect as of the date hereof;

(ii) Prime Landlord is not now in default under any provision of the Prime Lease; and

(iii) as of the date hereof, no notice has been received of a default under the terms of the Prime Lease.

(b) The terms of this Sublease may not be changed, or otherwise modified except by an instrument in writing signed by each of the parties hereto.

(c) At Tenant's request, Landlord will execute a Notice of Sublease in suitable form for recording in the Stamford Land Records.

(d) All understandings and agreements heretofore had between the parties hereto with respect to the subject matter of this Sublease are merged in this Sublease, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement, representation or warranty made by the other (or any agent or employee of the other) not embodied in this Sublease.

(e) This Sublease shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties hereto, as same are permitted hereunder.

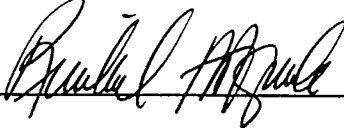
(f) The paragraph headings appearing herein are for purposes of convenience only and are not deemed to be a part of this Sublease nor given any effect in construing the terms of this Sublease.

(g) This Sublease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

(h) This Sublease shall be governed by and construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, this Sublease has been duly executed as of the day and year first above set forth.

ST. VINCENT'S DEVELOPMENT, INC.

By: 
Its
Hereunto Duly Authorized

CONNECTICUT HEALTH ENTERPRISES, L.L.C.

By: 
Its
Hereunto Duly Authorized

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LIST OF EXHIBITS AND SCHEDULES
COVE SUBLEASE

EXHIBIT A: Prime Lease Base Rent
EXHIBIT B: Prime Lease
EXHIBIT C: Ground Lease

che-cove.lst

EXHIBIT A

<u>Lease Year</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
12/1/95 - 11/30/96	\$ 97,400.00	\$8,116.66
12/1/96 - 11/30/97	\$101,400.00	\$8,450.00
12/1/97 - 11/30/98	\$105,400.00	\$8,783.33
12/1/98 - 11/30/99	\$109,400.00	\$9,116.66
12/1/99 - 11/30/2000	\$109,400.00	\$9,116.66
12/1/2000 - 11/30/2001	\$121,400.00	\$10,116.66
12/1/2001 - 11/30/2002	\$121,400.00	\$10,116.66
12/1/2002 - 11/30/2003	\$121,400.00	\$10,116.66
12/1/2003 - 11/30/2004	\$121,400.00	\$10,116.66
12/1/2004 - 11/30/2005	\$121,400.00	\$10,116.66

COVE EXHIBIT B

SUBLEASE AGREEMENT

This Sublease Agreement (hereinafter referred to as "Lease" or Sublease") made this 4th day of December, 1995, by and between GRADE A MARKET, INCORPORATED, a corporation organized and existing under the laws of the State of Connecticut, with its principal place of business at 200 Shippan Avenue, Stamford, Connecticut, acting herein by ROCCO S. CINGARI, its President, (hereinafter referred to as "Lessor") and ST. VINCENT'S DEVELOPMENT CORPORATION, a corporation organized and existing under the laws of the State of Connecticut, with its principal place of business at 2800 Main Street, Bridgeport, Connecticut, acting herein by Richard D'Aquila, its President, duly authorized (hereinafter referred to as "Lessee").

W I T N E S S E T H:

ARTICLE I DEMISE AND USE

1.1 Premises. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, that certain space (the "Demised Premises" or the "Premises") containing approximately six thousand (6,000) square feet of area as shown on EXHIBIT A, within the building leased by Lessor situated in the City of Stamford, State of Connecticut. The Premises are demised together with the right to use the Common Areas hereinafter described.

1.2 Common Areas. "Common Areas" shall mean and include all entrances, exits, driveways, service roads, sidewalks, landscaping, outdoor and traffic lighting facilities, curbing, parking areas and all other improvements in the Center hereinafter defined which are intended for the common use of all of the owners of land or tenants within the Center.

1.3 Center. - shall mean the land described on EXHIBIT B, together with all improvements, structures and/or buildings now or hereafter located thereon during the Term of this Lease, or as they or any part thereof may, from time to time, be reduced by eminent domain takings or dedications to public authorities or disposition or demolition by Lessor, and "Building" shall mean the building in which the Premises are located.

1.4 Broker. - The Lessee represents, and the Lessor recognizes M. F. Discala & Company and Vidal, Inc. as the real estate brokers or agents who brought about this transaction and the Lessor agrees to pay the agreed upon commission on delivery of the Lease, when, as and if this transaction is consummated in accordance with the terms hereof. The Lessor has entered into this agreement in reliance upon the representation by the Lessee that no real estate broker or agent other than the aforementioned brought the subject premises to the Lessee's attention or was in any way whatsoever the procuring cause of this transaction, and the Lessee agrees to save the Lessor harmless from the judicially proven claims of any other real estate broker or agent providing such claims are based on having shown or interested the Lessee in said premises, including reasonable attorneys' fees and court costs.

1.5 Permitted Use. Lessee shall use the Demised Premises exclusively for the operation of licensed physicians offices (which do not have any hospital facilities) with extended hours and related health care services insofar as the same are allowed by the zoning regulations of the City of Stamford. However, Lessee shall

be prohibited from the Demised Premises: (1) for the sale of prescription or non-prescription drugs; (2) for a pharmacy or other operation requiring the presence of a registered pharmacist; or (3) for an abortion clinic. Lessee shall not use the Demised Premises for any other use or purpose or in any other manner, other than the aforementioned, without the prior written consent of Lessor in each and every instance.

1.6 Lessee's Pro Rata Share of Taxes, Costs of Operation and Insurance. Lessee shall pay 36.23% of Lessor's share of taxes, costs of operation (also referred to herein as Operating Costs) and insurance.

ARTICLE II
TERM AND DELIVERY OF PREMISES

2.1 Term. The term of this Lease shall commence, and be deemed to occur on, the date upon which the Lessor and the Lessee execute this Lease (the "Lease Commencement Date"). Lessee shall take possession of the Demised Premises on the Lease Commencement Date in order to perform improvements. Lessee's obligations to pay fixed rent pursuant to this Lease, however, shall commence on the date upon which Lessee received a certificate of occupancy from the Building Department of the City of Stamford or four (4) months from the date that the parties sign this Lease, whichever occurs earlier (the "Rent Commencement Date"). Lessee shall deliver to Lessor proof of insurance prior to taking possession of the Demised Premises. The expiration date of this Lease shall be November 30, 2005.

Subsequent to the Lease Commencement Date, Lessor shall permit Lessee to enter onto the Demised Premises during normal business hours and if accompanied by a duly authorized representative of the Lessor to perform the necessary work in connection with Lessee's interior fit up. Lessee agrees to promptly perform all of its work in a good and workmanlike manner and with materials of good quality so that Lessor will be able to deliver the Demised Premises in accordance with this Section 2.1.

2.2 Delivery of the Premises. Lessee has examined the Premises and is fully satisfied with the condition thereof, except for work to be performed by Landlord pursuant to EXHIBIT C.

2.3 Lessor agrees at Lessor's expense to prepare the Premises for occupancy pursuant to EXHIBIT C annexed hereto and made a part hereof and to cause all the work required of it thereby to be performed promptly and diligently in a good and workmanlike manner (Lessor's Work). Lessor shall complete Lessor's Work on or before FEBRUARY 1, 1996.

Lessee agrees at Lessee's expense to prepare the Premises for occupancy pursuant to EXHIBIT C annexed hereto and made a part hereof and to cause all the work required of it thereby to be performed promptly and diligently in a good and workmanlike manner (Lessee's Work). Lessee shall complete Lessee's Work on or before MARCH 30, 1996.

Lessee shall commence paying Fixed Rent as set forth in Paragraph 2.1 herein. However, Lessee's share of costs of operation (36.23%) shall be due commencing on the Lease Commencement Date.

2.4 Except as may be otherwise set forth in writing by Lessee prior to entering into occupancy, Lessee by entering into occupancy of any part of the Premises shall be deemed to have agreed that Lessor, up to the time of such occupancy, had performed all of its obligations and that the Demised Premises was in satisfactory condition as of the date of such occupancy.

**ARTICLE III
IMPROVEMENTS**

3.1 Lessee's Alterations. Following the initial Lessee's Work as herein described, Lessee shall have the right without the necessity of obtaining Lessor's consent, at Lessee's expense to make alterations, installations, additions or improvements in or to the interior of the Premises ("Lessee Alterations") which are non-structural and which do not affect utility services or plumbing and electrical lines located outside the Premises. All structural alterations to the Premises require the prior written consent of the Lessor, which consent Lessor covenants not to unreasonably withhold or delay for more than thirty (30) days. All Lessee's Alterations made by or on behalf of Lessee shall become the property of Lessor and shall remain upon and shall be surrendered with the Premises unless the same shall be removed from the Premises by Lessee prior to the end of the term of this Lease, or the earlier termination thereof at Lessee's expense, and Lessee shall repair and restore the Premises to the original shell condition in which Lessor delivered the same to Lessee, including, without limitation, the removal of all demising walls installed by Lessee, less normal wear and tear, and cap off the plumbing installed by Lessee at the floor level. Lessee shall repair any damages to the Premises or the Building due to such removal.

3.2 Permits, Insurance, Mechanics Liens. Lessee, before undertaking any Lessee's Alterations permitted under Section 3.1 above, shall, at its expenses, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies necessary or required in connection therewith, use of the Premises or occupancy thereof, and upon completion shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord. Lessee agrees to abide by and conform to any and all laws, ordinances, rules and regulations, federal, state or local (including, without limitation, federal Occupational Safety Hazards Act (OSHA), if applicable, as the same may from time to time be amended); and shall save and hold the Lessor harmless from any cost, suit or expense arising out of any alleged violation of Lessee's obligations hereunder, including without limitation any penalties, assessments, interest or reasonable attorneys' fees charged to Lessor. If any mechanic's lien is filed against the Premises, or the Building, for the work claimed to have been done for, or materials furnished to Lessee, the same shall be discharged of record (by bonding or otherwise) at Lessee's expense within sixty (60) days after it receives notice thereof.

3.3. Signs. Lessee shall not place, erect or install any exterior signs, lighting effects and fixtures (including pylon signs) without Lessor's prior written consent. Notwithstanding the foregoing sentence and subject to compliance with all municipal laws, codes, rules and regulations, Lessee shall have the right to place an identification sign on the facade of the building above the Demised Premises and it shall also have the right to place an identification sign on the existing pylon sign as set forth in the EXHIBIT C work letter. Approval of these signs will not be unreasonably withheld or delayed. All such signs shall be maintained in good safe condition and appearance by Lessee at its own expense. Lessee further shall have the right at all times and from time to time, at its own expense, to install and maintain, replace and relocate within the Premises such lighting effects and fixtures as are or may be, from time to time used or adopted by Lessee, subject to Lessor's prior written approval. Notwithstanding anything hereinabove to the contrary, Lessee shall have the right, subject to compliance with all municipal laws, codes, rules and regulations, to place signs, advertising and promotional programs and other signage in the interior of the Premises.

**ARTICLE IV
RENT**

4.1 (a) Fixed Rent. Lessee shall pay to Lessor the following as annual fixed rent:

<u>Lease Year</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
12/1/95 - 11/30/96	\$97,400.00	\$8,116.66
12/1/96 - 11/30/97	\$101,400.00	\$8,450.00
12/1/97 - 11/30/98	\$105,400.00	\$8,783.33
12/1/98 - 11/30/99	\$109,400.00	\$9,116.66
12/1/99 - 11/30/2000	\$109,400.00	\$9,116.66
12/1/2000 - 11/30/2001	\$121,400.00	\$10,116.66
12/1/2001 - 11/30/2002	\$121,400.00	\$10,116.66
12/1/2002 - 11/30/2003	\$121,400.00	\$10,116.66
12/1/2003 - 11/30/2004	\$121,400.00	\$10,116.66
12/1/2004 - 11/30/2005	\$121,400.00	\$10,116.66

payable in equal monthly installments in advance on the 1st day of each and every calendar month during the term of this Lease. The annual rent from December, 1995 to November, 1996 shall be reduced for each month prior to the issuance of a certificate of occupancy being granted or for four months after the date this Lease, whichever occurs sooner. This reduction shall be based on monthly rent of \$8,117.42 and will be prorated if occupancy takes place or the certificate of occupancy is granted other than on the first day of a month.

(b) "Additional Rent" consists of all other sums of money as shall become due from and payable by Lessee pursuant to this Lease for default in the payment of which Lessor shall have the same remedies as for a default in the payment of Fixed Rent. Lessee shall commence paying the Additional Rent on the Lease Commencement Date.

(c) There shall be no abatement of, deduction from, counterclaim or setoff against Fixed Rent or Additional Rent.

4.2 Late Payments of Rent. If Lessee shall fail to pay when due any installments or payment of Fixed Rent or Additional Rent, and such failure continues for five days, Lessee shall be required to pay a late charge of \$.06 for each \$1.00 which remains so unpaid. Such late charge is intended to compensate Lessor for additional expenses incurred by Lessor in processing such late payments and shall be due and payable within 5 days of billing therefor. Nothing herein shall be intended to violate any applicable law, code or regulation, and in all instances all such charges shall be automatically reduced to any maximum applicable legal rate or charge. Such charge shall be imposed monthly for each late payment.

4.3 Lease Year. A "Lease Year" shall be deemed to be a period of twelve consecutive months commencing on the Lease Commencement Date and each consecutive twelve month period thereafter during the initial term of this Lease.

ARTICLE V REAL ESTATE TAXES

5.1 Definition of Real Estate Taxes. "Real Estate Taxes", "real estate taxes" or "Taxes" shall mean all real estate and ad valorem taxes, special and general assessments (provided the payments of such general and special assessments shall be chargeable to Lessee over the longest period payments may be legally made), water and sewer rents, taxes and assessments, school taxes, and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, foreseen and unforeseen, and each and every installments thereof, which

shall or may during, or with respect to, the Term, be levied, assessed, imposed, become or have become due and payable; or liens upon, or arising in connection with the use, occupancy or possession of, or growing due or payable out of or for, the Center or any part thereof, or any land, buildings or other improvements therein or thereupon. Such term shall include any charge, such as a water meter charge (i.e. if the municipality supplies water to the Premises) and the sewer rent based thereon, unless measured by the consumption by the actual user of the item or service for which the charge is made and billed separately to tenants of the Center. Whether or not Lessor shall take the benefit of the provisions of any statute or ordinance permitting any assessment for public betterment or improvements to be paid over a period of time, Lessor shall, nevertheless, be deemed to have taken such benefit so that the term "Taxes" shall include only the current annual installment of any such assessment and the interest on the unpaid installments. A tax bill or copy thereof submitted by Lessor to Lessee shall be conclusive evidence of the amount of a Tax or installment thereof. Nothing herein contained shall be construed to include as Real Estate Taxes any inheritance, estate, succession, transfer, gift, franchise, corporation, income or profit tax or capital levy that is or may be imposed upon Lessor; provided, however, that, if at any time during the Term the methods of taxation prevailing at the execution of this Lease shall be altered so that in lieu of or as a substitute for or in addition to the whole or any part of the Taxes levied, assessed or imposed on real estate as such there shall be levied, assessed or imposed (i) a tax on the rents received from such real estate, or (ii) a license fee measured by the rents received by Lessor from the Center or any portion thereof, or (iii) a tax or license fee imposed upon Lessor which is otherwise measured by or based in whole or in part upon the Center or any portion thereof, then the same shall be included in the computation of Real Estate Taxes hereunder, computed as if the amount of such tax or fee so payable were that due if the Center were the only property of Lessor subject thereof.

5.2 Payment of Real Estate Taxes. In addition to the rent provided herein, Lessor shall pay to Lessor as Additional Rent, 36.23% of the amount of taxes paid by Lessor.

5.3 Method of Payment. Payment shall be made to Lessor upon submission of a bill therefor, but such payment shall not be required more than 20 days prior to the due date of the Tax. If prior to the Commencement Date, Lessor has paid Taxes which payment covers a period of time following the Commencement Date, within 20 days of submission of a receipted tax bill therefor Lessee shall pay Lessor Lessee's Pro Rata Share of such Taxes for which Lessee is responsible under Section 5.2 above. If required by the holder of a superior mortgage, Lessor shall submit to Lessee Lessor's estimate, reasonably determined, of Taxes due and payable during the succeeding Tax Year or Lease Year. If so estimated, then on the first day of each month during the succeeding Tax Year or Lease Year, Lessee shall pay to Lessor one-twelfth of such estimated increase (plus, if such statement is submitted after the commencement date of any other Tax Year or Lease Year, one-twelfth of such estimated increase times the number of months, or parts thereof, which have elapsed since said commencement date). Within 30 days following the end of the Tax Year or Lease Year, Lessor shall submit to Lessee a statement showing the actual Taxes and the aggregate amount of such estimated payments made by Lessee during such Tax Year or Lease Year. To the extent that such estimated payments are less than the amount of such actual Taxes, Lessee shall pay to Lessor the difference within 20 days next following rendition by Lessor of an invoice therefor; to the extent that such estimated payments are greater than such actual Taxes, the difference shall be credited against the next monthly installment or installments of Fixed Rent until paid, or if the last lease year is involved, such difference shall be paid to Lessee within 20 days of rendition of such Lessor's statement.

5.4 Taxes on Lessee's Improvements and Property. In addition to the foregoing, Lessee shall pay one hundred (100%) percent of any Real Estate Taxes attributable solely to Lessee's Work or Lessee's Alterations to the extent that the tax records of the City of Stamford do specifically designate which portion of the Real Estate Taxes upon the Center are attributable solely to Lessee's Work or Lessee's Alterations.

Lessee agrees to pay to the local tax authorities and other governmental agencies, throughout the Term, all personal property taxes which may be levied against Lessee's merchandise, trade fixtures and other personal property in and about the Premises.

5.5 Change in Tax Determination. If at any time the taxing authorities change the standards or methods utilized in arriving at Taxes, then in such event calculations under this Article shall be made by applying such factor or factors to the new standards or methods as may be necessary to make the calculations on the same basis as that in effect on the date of execution of this Lease.

5.6 Combined Assessment. In the event that, at any time, the Premises is assessed for Tax purposes with other property owned by Owner, and the taxing authorities are unwilling to separately assess or tax the properties, the Tax ascribable to the Premises shall be such portion of the Tax on the entire properties as the value of the Premises bears to the value of the entire properties, as such values are determined by the Assessor of the City of Stamford. An informal apportionment by such Assessor of the total assessment to such Real Property shall be binding upon the parties hereto.

ARTICLE VI

COMMON AREA; LESSOR'S REPAIRS; AND OPERATING COSTS

6.1 Operating Costs

6.1.1 Definition of Operating Costs. "Operating Costs" shall mean all amounts actually paid or incurred by Lessor in operating, maintaining and repairing (excluding items which are capital in nature) the Common Areas and the Center, including, without limitation, cleaning snow, ice, trash, garbage and other refuse removal; gardening and landscaping, including planting, replanting and replacing flowers and landscaping; water and sewer charges (except to the extent that Lessor is reimbursed by other tenants); repairs; restriping parking areas; resurfacing parking areas (amortized over a three (3) year period); exterior utilities up to their entry the Premises; painting, rental and maintenance of traffic and directional signs and equipment; lighting, sanitary control, all electrical, water or other utility charges serving the Center; policing and regulating traffic and the cost of personnel to implement such services; security, if any; reasonable depreciation of machinery and equipment necessary for such operation and maintenance; unemployment, social security, personal property, sales and use taxes; materials, supplies, and services purchased and employed for the maintenance of the Center; rental of any equipment for the maintenance and operation of the Center and all other similar costs properly chargeable to such operation and maintenance. All other repairs to the Center which Lessor shall make (other than those charged to any tenant in the Center) shall be included in Operating Costs. Also included shall be fifteen (15%) percent of all of the foregoing costs in this Section 6.1 to cover administrative supervision, overhead and general conditions costs.

6.1.2 If a cost or expense shall permissibly be included under more than one category of Operating Costs, such cost or expense, of course, shall only be included once where to do so more than once would cause a duplication of, and a concomitant increase in, Operating Costs. Notwithstanding various provisions of this

Lease which provide that Lessor shall do or perform certain obligations or services at Lessor's cost and/or expense, the same shall be included in "Operating Costs" to the extent that they otherwise would be pursuant to this Article 6 and this shall be so notwithstanding that in certain instances throughout this Lease there is specification that a certain expense shall be an Operating Cost, while in other instances there is no such specification.

6.1.3 Payment of Pro Rata Share of Operating Costs. It has been estimated that Lessor's Pro Rata Share of Operating Costs for the first Lease Year shall be \$16,230.00, and Lessee shall pay 36.23% of same, as Additional Rent, at the rate of \$490.00, per month, in advance on the first day of each month commencing on the Lease Commencement Date. However, Lessee's share of Operating Costs (36.23%) shall be due commencing on the Lease Commencement Date. In each Lease Year after the first Lease Year, Lessee shall pay Lessee's Pro Rata Share of Operating Costs on the first day of each month in advance in an estimated amount equal to 1/12 of Lessee's Pro Rata Share of Operating Costs for the preceding Lease Year. Within 90 days after the end of each Lease Year, Lessor shall furnish to Lessee an annual statement in reasonable detail of the actual operating costs paid or incurred by Lessor or its designee during such period prepared by Lessor or Lessor's designee or accountant and signed and certified by an officer of Lessor or its designee and there shall be an adjustment between Lessor and Lessee within thirty (30) days thereafter with payment by Lessee or Lessor as the case may require, to the end that Lessor shall receive the entire amount of Lessee's Pro Rata Operating Costs for such period.

6.2 Insurance Costs.

6.2.1 Definition of Insurance Costs. Insurance costs shall mean all amounts actually paid or incurred by Lessor for all insurance applicable to the Center, including, without limitation, primary and excess comprehensive liability, vehicle, sign, fire and extended coverage with broad form endorsements, including, without limitation, vandalism, strike, riot, war, risk, flood, boiler, plate glass, earthquake (or "all risk" insurance) and rent insurance. The type and amount of insurance shall be determined by Lessor in its sole discretion, reasonably exercised.

6.2.2 Method of Payment of Insurance Costs. Payment shall be made to Lessor upon submission of a bill therefor, but such payment shall not be required more than 20 days prior to the due date of the insurance premiums. If prior to the Commencement Date, Lessor has paid premiums which premiums cover a period of time following the Commencement Date, within 20 days of submission of a receipted bill therefor Lessee shall pay Lessor Lessee's Pro Rata Share of Insurance (which is 36.23%) of such premiums for which Lessee is responsible. If Lessor shall submit to Lessee Lessor's estimate, reasonably determined, of premiums due and payable during the succeeding Lease Year then on the first day of each month during the succeeding Lease Year, Lessee shall pay to Lessor one-twelfth of such estimated increase (plus, if such statement is submitted after the commencement date of any other Lease Year, one-twelfth of such estimated increase times the number of months, or parts thereof, which have elapsed since said commencement date). Within 30 days following the end of the Lease Year, Lessor shall submit to Lessee a statement showing the actual premiums and the aggregate amount of such estimated payments made by Lessee during such Lease Year. To the extent that such estimated payments are less than the amount of such actual premiums, Lessee shall pay to Lessor the difference within 20 days next following rendition by Lessor of an invoice therefor; to the extent that such estimated payments are greater than such actual premiums, the difference shall be credited against the next monthly installment or installments of Fixed Rent until paid, or if the last lease year is involved, such difference shall be paid to Lessee within 20 days of rendition of such Lessor's statement.

ARTICLE VII
UTILITIES AND SERVICES

7.1 Utilities and Charges Therefor. From and after the Commencement Date set forth in Article II of the Lease. Lessee agrees to pay, as Additional Rent, all charges for water, gas, electric, telephone and any other utilities used or consumed in the Premises. Lessee shall change any meters in the Premises for such utilities used or consumed in the Premises to Lessee's name. Lessor shall be under no obligation to construct any such utilities, and Lessor shall not be liable for any interruptions or failure in the supply of any such utilities to the Premises if due to reasons beyond Lessor's reasonable control, nor shall any such interruptions or failure entitle Lessee to an abatement of rent. Lessee agrees it will at all times keep sufficient heat in the Premises to prevent the pipes therein from freezing, and that it shall at its cost, keep and maintain in good condition, and repair, the heating, air-conditioning, electrical, plumbing and other facilities serving the Premises. Lessee agrees, at its cost, to maintain a service contract for the care and maintenance of the heating and air-conditioning equipment serving the Premises with an accredited Company, and to provide Lessor with a copy of said contract.

ARTICLE VIII
TENANT'S ADDITIONAL COVENANTS

8.1 Affirmative Covenants. Lessee covenants at its expense at all times during the Lease Term and such further time as Lessee occupies the Premises or any part thereof:

8.1.2 Conduct of Business. To conduct its business at all times in a high-grade and reputable manner, except when and to the extent that the Premises are untenable by reason of damage by fire or other casualty, to use for the Permitted Use.

8.1.3. Rules and Regulations. To comply with the following rules and regulations, as the same may be rescinded, or, in the event of a material change of circumstances, reasonably altered, modified or amended by Lessor on notice to Lessee from time to time and except as otherwise expressly provided herein:

(a) No awning or other projections shall be attached to the outside walls of the Premises or the building of which they form a part without, in each instance, the prior written consent of Lessor.

(b) All garbage and refuse shall be kept in the kind of container specified by Lessor, and shall be placed outside of the Premises as required by the Lessor, prepared for collection in the manner and at the times and places specified by Lessor. If Lessor shall provide or designate a service for collection of refuse and garbage, Lessee may, at its option, use same, at Lessee's expense, or Lessee may make its own arrangements for the collection of its refuse and garbage, at Lessee's sole cost and expense.

(c) No radio or television aerial shall be erected on the roof or exterior walls of the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Any aerial so installed shall be subject to removal at Lessor's reasonable request with notice to Lessee and any damage to the wall or roof caused by such removal shall be the responsibility of Lessee.

(d) No loudspeakers, televisions, phonographs, radios, flashing lights or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of the Lessor.

(e) No auction, fire, bankruptcy or selling out sales shall

be conducted on or about the Premises without the prior written consent of the Lessor, which shall not be unreasonably withheld or delayed.

(f) Lessee shall at reasonable times, keep Lessee's display windows illuminated and the signs and exterior lights lighted each and every day that Lessee is open for business.

(g) The sidewalk immediately adjoining the Premises shall be kept clear of rubbish at all times by Lessee; and Lessee shall not place nor permit any obstructions, garbage, refuse, merchandise or displays in outside areas. Lessee with Lessor's consent, not to be unreasonably withheld or delayed, may periodically have sidewalk sales that do not interfere with other tenants in the Premises.

(h) Lessee shall keep the Premises free of pests and vermin.

(i) Lessee, its employees and/or its agents, shall not solicit business in the parking or other joint use areas, nor shall Lessee, its employees and/or agents, distribute any handbills or other advertising matter in or on automobiles parked in the parking or other joint use areas.

(j) Whenever Lessee advertises its store, Lessor's name or the name of the Premises, if included in such advertising, shall not be used in any confusing, detrimental or misleading manner, and upon termination of this Lease, Lessee will cease to use Lessor's name or the name of the Lessor in the underlying lease of the Premises, or any part thereof, in any manner.

(k) Lessee shall not carry on any trade or occupation or operate any instrument or apparatus or equipment which emits an offensive odor or causes a loud noise discernible outside of the Premises which is not in keeping with first class shopping center standards.

(l) Lessee shall not place within the Premises any fixtures, merchandise or other material which will individually or collectively exceed the floor load of the floor of the Premises as reasonably determined by Lessor, and shall not install or use any machinery, equipment or instrument which will individually or collectively overload or exceed the normal, safe capacity of electrical, utility or HVAC systems in the Center. Lessor represents the electrical work shown on the work letter and plans (Exhibit C) do not exceed the normal, safe capacity of the electrical, utility or HVAC systems in the Center.

(m) Lessee agrees that it will not keep, use, sell or offer for sale in or upon the Premises any article which may be prohibited by the standard form of fire insurance policy for shopping centers. Lessee agrees to pay any increase in premiums for fire and extended coverage insurance or sprinkler insurance that may be charged during the Term of this Lease on the amount of such insurance which may be carried by Lessor on the Premises or any building in the Premises, resulting from the type of merchandise sold by Lessee in the Premises, whether or not Lessor has consented to the same. In determining whether increased premiums are the result of Lessee's use of the Premises, a schedule issued by the organization making the insurance rate on the premiums, showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up the fire insurance rate on the Premises. Lessor shall, for the enforcement of the covenants, conditions and agreements set forth in this Section and have all remedies in this Lease provided for breach of the provisions hereof.

8.1.4. Repairs and Maintenance. Lessee shall make any and all repairs required to be made to the Premises, except structural repairs, (including but not limited to the roof, structural walls, exterior walls and doors and repairs necessitated by the negligence

of Lessor and its agents, servants and employees) including, without limitation, the HVAC System (which Lessor represents and warrants shall be in working order at the inception of this Lease), during the Term and to Lessee's Work, Lessee's Alterations and any other improvements placed in the Premises by either Lessor or Lessee, to all plate glass, all at Lessee's own cost and expense and without expense to Lessor. All such repairs shall be made by Lessee promptly and without delay and shall be made of quality or class equal to the original work or construction. In addition thereto, Lessee agrees to make any and all repairs required to be made to any heating and air conditioning equipment situated outside of the Premises but servicing only the Premises. Repairs as used herein shall mean replacement whenever reasonably necessary. If Lessee refuses or neglects to make any such repairs within the prescribed time for defaults and applicable notice periods under this Lease, Lessor may make such repairs and upon completion thereof, Lessee shall pay Lessor's reasonable cost for making such repairs within 30 days of receipt by Lessee of a bill therefor, as Additional Rent. If Lessor refuses or neglects to make any repairs required of it within a reasonable time after receipt of written notice of the necessity of such repair from Lessee, then Lessee may make such repairs itself and charge Lessor with the reasonable cost of same.

8.1.5 Compliance with Law. Lessee shall make all repairs, alterations, or replacements to the Premises required by and in a manner and by methods complying with any law or ordinance or any order or regulation of any public authority because of the use of the Premises; to keep the Premises equipped with all safety appliances so required because of such use; to procure any licenses and permits required for any such use; to pay all municipal, county or state taxes assessed against the leasehold interest hereunder, or personal property of any kind owned by or placed in, upon or about the Premises by Lessee; and to comply with the orders and regulations of all governmental authorities, except that Lessee may defer compliance so long as the validity of any such law, ordinance, order or regulation shall be contested in good faith and by appropriate legal proceedings, if Lessee first gives Lessor assurance satisfactory to Lessor against any loss, cost or expense on account thereof and Lessor's interest in the Premises or that of any mortgage of Lessor's interest, is not thereby jeopardized.

8.1.6 Payment for Lessee's Work and Lessee's Alterations. Lessee shall pay promptly when due the entire cost of any work to the Premises undertaken by Lessee and to bond against or discharge any liens for labor or materials within 20 days after written request by Lessor; to procure all necessary permits before undertaking such work; and to do all of such work in a good and workmanlike manner, employing materials of good quality and complying with all governmental requirements.

8.1.7 Lessor's Right to Enter. Lessee shall permit Lessor and its agents to examine the Premises at any time and without notice in cases of emergency, and in non-emergency situations following reasonable notice to Lessee and during Lessee's normal business hours; to show the Premises to prospective purchasers, lenders and tenants but only during the last six (6) months of the Lease; and to enter the Premises to make such repairs and replacements a Lessor is required, or may elect, to make in accordance with any provisions of this Lease. Except as expressly otherwise provided in this Lease, Lessor shall have no liability to Lessee by reason of any inconvenience, annoyance, interruption or injury to business arising from Lessor or any tenant making any repairs or changes or performing maintenance services pursuant to the terms hereof, provided that Lessor shall be reasonably diligent with respect thereto and shall perform such work and show such Premises, except in case of emergency, at times reasonably convenient to Lessee and otherwise in such manner and to the extent practical as will not unreasonably interfere with Lessee's use and occupancy of the Premises.

8.1.8 Personal Property at Lessee's Risk. All of the furnishings, fixtures, equipment, effects and property of every kind, nature and description of Lessee and all persons claiming by, through or under Lessee which, during the continuance of this Lease or any occupancy of the Premises by Lessee or anyone claiming under Lessee, may be on the Premises or elsewhere in the Premises, shall be at the sole risk and hazard of Lessee, and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft or from any other cause, no part of said loss or damage is to be charged to or borne by Lessor unless such loss or damage is caused by the negligence of the Lessor, its agents or assigns, who will be an additional insured under Lessee's insurance policy covering Lessee's property as provided in Article X hereof.

8.1.9 Surrender. At the expiration of the Lease Term or earlier termination of this Lease to remove all trade fixtures and personal property and such other installations made by Lessee; to repair any damage caused by such removal; and to remove all Lessee's signs wherever located and to surrender all keys to the Premises and yield, quit and surrender up the Premises, broom clean and in the same good order and repair in which Lessee is obliged to keep and maintain the Premises by the provisions of this Lease, ordinary wear and tear excepted. Lessee shall further indemnify Lessor against all loss, cost and damage resulting from Lessee's failure and/or delay in surrendering the Premises as above provided. The obligations of Lessee under the provisions of this Section shall survive the termination of this Lease.

ARTICLE IX QUIET ENJOYMENT

9.1 Quiet Enjoyment. Lessor agrees that upon Lessee's paying the Fixed Rent and any Additional Rent hereunder, and performing and observing the agreement, conditions and other provisions on its part to be performed and observed, Lessee shall and may peaceably and quietly have, hold and enjoy the Premises during the Lease Term without any manner of hindrance or molestation from Lessor or anyone claiming under Lessor, subject, however, to the terms of this Lease and the underlying lease, to matters of record appearing and to any mortgage, ground lease or easements which may now or hereafter be superior to this Lease. This Lease and Lessee's rights hereunder shall be automatically subject and subordinate to any future easements with respect to the Common Areas hereafter granted by Lessor in connection with any property adjoining the Center, provided such easements do not materially adversely affect Lessee's ingress and egress from the exits and entrances to the Center.

ARTICLE X INSURANCE - CASUALTY - TAKING

10.1 Lessee's Insurance - Types. Lessee shall obtain and keep in full force and effect during the Term at its own cost and expense, the following insurance:

(a) Comprehensive general liability insurance, such insurance to afford protection initially in an amount of not less than \$2,000,000.00 and a \$2,000,000.00 "umbrella" combined single limit of liability for bodily injury, death and property damage arising out of any one occurrence, under an occurrence-basis policy, protecting Lessor, the lessor of any ground or underlying lease of, and the holder of any superior mortgage on, the Premises, if any, (collectively called "Lessor and Others in Interest"), as additional insureds, and Lessee as named insured, against any and all claims for personal injury, death or property damage occurring in, upon, adjacent, or connected with the Demised Premises and any part thereof; from time to time during the Term the foregoing limits of insurance shall be increased to those required by the

holder of any superior mortgage or as are currently carried with respect to similar properties in the area where the Building is located. There shall be added to or included within said comprehensive general liability insurance (upon the same terms and conditions as above specified) all other coverages as may be usual to Lessee's use of the Demised Premises, including, without limitation (if applicable to Lessee's use), products liability and completed operations, independent contractors liability, broad form comprehensive general liability endorsements, broad form property damage liability, explosion, collapse and underground property damage, and owners and contractors protective liability coverage during the course of construction.

(b) Workers' compensation, employees' liability and disability insurance as required by law.

(c) During the performance of Lessee's Work, Lessee's Alterations or any other work, builder's risk insurance.

(d) All Risk property insurance on Lessee's merchandise, trade fixtures and other personal property in the Premises, and upon Lessee's Work and Lessee's Alterations for the full replacement value thereof.

(e) Such other insurance and in such amounts as Lessor and/or Others in Interest may reasonably require from time to time and as are carried with respect to properties similar to the Premises.

10.2. Lessee's Insurance - General. (a) All insurance is to be written by insurance companies admitted to do business in the State of Connecticut, authorized to issue the relevant insurance, having a rating of no less than "A" in the most current edition of Bests Key Rating Guide, and which insurance companies shall be reasonably satisfactory to the Lessor. The original insurance policies or appropriate certificates shall be deposited with Lessor together with any renewals, replacements or endorsements to the end that said insurance shall be in full force and effect for the benefit of Lessor and Others in Interest during the Term. In the event Lessee shall fail to procure and place such insurance, Lessor may, but shall not be obligated to, procure and place same, in which event the amount of the premium paid shall be refunded by Lessee to Lessor upon demand and shall in each instance be collectible on the first of the month or any subsequent month following the date of payment by Lessor, in the same manner as though said sums were additional rent reserved hereunder. Each policy shall contain agreements by the insurer, without disclaimers, that the policy will not be cancelled without at least thirty (30) days prior notice to said additional insureds and that the act or omission of any insured will not invalidate the policy as to any other insured.

(b) All property insurance on the Premises shall cover the interest of Lessee and Lessor and Others in Interest, as their interest may appear, and the policies therefor shall provide that adjustment of any losses thereunder shall include in the negotiations, not be settled or finalized without, and be payable to, Lessor and Others in Interest, to the extent applicable. All such property insurance shall contain a provision allowing other insurance that is provided to or for Lessor. All such property insurance policies shall be required of Lessee regardless of whether Lessor, Lessee or others on behalf of Lessee perform the Work, Lessee's Alterations or any other work in the Premises.

(c) Prior to commencement of construction of any work in the Premises, Lessee and Lessee's contractor shall deliver to Lessor (and Others in Interest, if required by them) certificates of insurance or policies (as provided in Section 10.2(a) hereof) evidencing all insurance coverages provided in this Article 10. Lessee's contractor shall be required to comply with all of such insurance obligations only through final completion of all such

work.

(d) The limits of all insurance provided under this Article 10 shall not limit Lessee's liability to Lessor under this Lease.

(e) All policies of insurance maintained by Lessee under this Article 10 shall be written as primary policies not contributing with, nor in excess of, insurance coverage that Lessor and Others in Interest may have. Lessee shall not carry separate or additional insurance which, in the event of any loss or damage, is concurrent in form or would contribute with the insurance required to be maintained by Lessee under this Lease.

10.3 (a) Lessee's Indemnity. Lessee shall defend, indemnify and save harmless Lessor and its agents and employees against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable architects' and attorneys' fees, which may be imposed upon or incurred by or asserted against Lessor and/or its agents by reason of any of the following occurring during the Term, or during any period of time prior to the Commencement Date that Lessee may have been given access to or possession of all or any part of the Premises: (a) any negligence or otherwise wrongful act or omission on the part of Lessee or any of its agents, contractors, subcontractors, servants, within the Premises; (c) any accident, injury or damage to any person or property occurring within the Premises not caused by Lessor's negligence; (d) any material failure on the part of Lessee to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with. In case any action or proceeding is brought against Lessor by reason of any such claim, Lessee upon written notice from Lessor shall at Lessee's expense resist or defend such action or proceeding by counsel approved by Lessor in writing, which approval Lessor shall not unreasonably withhold. Notwithstanding the foregoing, if counsel is employed by an insurance carrier defending a claim, no approval of the Lessor shall be required.

(b) Lessor's Indemnity. Lessor shall defend, indemnify and save harmless Lessee and its agents and employees against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable architects' and attorneys' fees, which may be imposed upon or incurred by or asserted against Lessee and/or its agents by reason of any of the following occurring during the Term, or during any period of time prior to the Commencement Date that Lessor may have been given access to or possession of all or any part of the Premises: (a) any negligence or otherwise wrongful act or omission on the part of Lessor or any of its agents, contractors, subcontractors, servants, within the Premises; (c) any accident, injury or damage to any person or property occurring within the Premises not caused by Lessee's negligence; (d) any material failure on the part of Lessor to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with. In case any action or proceeding is brought against Lessor by reason of any such claim, Lessor upon written notice from Lessee shall at Lessor's expense resist or defend such action or proceeding by counsel approved by Lessee in writing, which approval Lessee shall not unreasonably withhold. Notwithstanding the foregoing, if counsel is employed by an insurance carrier defending a claim, no approval of the Lessee shall be required.

10.4 Lessor to Repair or Rebuild in Event of Casualty or Taking. In case the Premises or any part thereof shall be damaged or destroyed by fire or other casualty, or ordered to be demolished by the action of any public authority in consequence of a fire or other casualty, or taken for any public or quasi-public use under any statute or by any exercise of the right of eminent domain, or by private purchase in lieu thereof, this Lease shall, unless it is

terminated as provided, in this Lease, remain in full force and effect, and Lessor shall at its expense, proceed with all reasonable dispatch, to repair or rebuild the Premises, or what may remain thereof, so as to restore them (not including any of Lessee's Work or Lessee's Alterations or Lessee's fixtures, furniture, furnishings, floor coverings and equipment) as nearly as practicable to the condition they were in immediately after the delivery of possession pursuant to Section 2.2 above, but Lessor shall not be required to expend in such repair or rebuilding more than the proceeds of insurance or award of damages, if any, actually received by Lessor with respect to such damage, destruction or taking, less Lessor's reasonable expenses incurred in collecting such proceeds or award, as the case may be. Lessee shall at its own expense, proceed with all reasonable dispatch, to repair or replace such of Lessee's Work, Lessee's Alterations or its fixtures, furniture, furnishings, floor coverings and equipment as may be required as a result of such damage, destruction or taking. In the event the cost of such repair or rebuilding exceeds the proceeds or award received by Lessor, then Lessee shall have the option either to (a) pay all costs in excess of the award with respect to the rebuilding and restoration of the Building and Premises or (b) accept the Premises and Building in the condition to which they are restored by Lessor having expended the entire process or award (less expenses incurred in collecting such process or award) received by Lessor.

10.5 Right to Terminate in Event of Casualty.

(a) In case (i) the Premises are rendered wholly untenable, or (ii) the Premises are damaged in whole or part as a result of a risk not covered by Lessor's insurance policies, or (iii) the Premises are damaged in whole during the last three (3) years of the Term (or of any renewal term) hereof, or (iv) the Premises are damaged to an extent of fifty (50%) percent of the then monetary value thereof or fifty (50%) percent of the floor area thereof, Lessor may, at its option, terminate this Lease and the Term and estate hereby granted, by notifying Lessee in writing of such termination, within 60 days after the date of such damage. If at any time prior to Lessor giving Lessee the aforesaid notice of termination or commencing the repair and restoration pursuant to Section 10.4, the holder of a superior mortgage or the lessor of a superior lease or any person claiming under or through the holder of such superior mortgage or the lessor of such superior lease takes possession of the Center through foreclosure or otherwise, such holder, lessor or person shall have a further period of 60 days from the date of so taking possession to terminate this Lease by appropriate written notice to Tenant. In the event that such a notice of termination shall be giving pursuant to either of the next two preceding sentences, this Lease and the Term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the date hereinbefore set for the expiration of the Term, and the Fixed Rent and additional rent due and to become due hereunder shall be apportioned as of such date if not earlier abated.

(b) In case of substantial damage or destruction to more than 50% of the Premises, Lessee may terminate this Lease by notice to Lessor, if (i) such damage or destruction occurs during the last 3 years of the Term (unless Lessee within 30 days exercises its right to renew) or of the renewal term, or (ii) Lessor has not completed the making of the required repairs and restored and rebuilt the Premises and/or access thereto within 6 months from the date of such damage or destruction.

Upon the termination of this Lease, as aforesaid, Lessee's liability for the rents reserved hereunder shall cease as of the effective date of the termination of this Lease, subject however, to the provisions for the prior abatement of rent. Unless this Lease is terminated by Lessor, as aforesaid, this Lease shall remain in full force and effect and the parties waive the

provisions of any to the contrary, and Lessee shall repair, restore or replace Lessee's trade fixtures, decorations, signs and contents in the Premises in a manner and to at least a condition equal to that existing prior to their damage or destruction and the proceeds of all insurance carried by Lessee on said property shall be held in trust by Lessee for the purpose of such repair, restoration or replacement and shall be used solely for such purposes. If by reason of such fire or other casualty the Premises is rendered wholly untenable, the Fixed Rent and the Additional Rent shall be fully abated, or if only partially damaged such rent shall be abated proportionately as to that portion of the Premises rendered untenable, in either event (unless Lessor shall elect to terminate this Lease, as aforesaid) until 15 days after notice by Lessor to Lessee that the Premises have been substantially repaired and restored or until Lessee's business operations are restored in the entire Premises, whichever shall occur sooner. Lessee shall continue the operation of Lessee's business in the Premises or any part thereof not so damaged during any such period to the extent reasonably practicable from the standpoint of prudent business management and, except for such abatement of the Fixed Rent as hereinabove set forth, nothing herein contained shall be construed to abate Lessee's obligations for the payment of any additional rents and charges reserved hereunder. If such damage or other casualty shall be caused by the negligence of Lessee or of Lessee's subtenants, concessionaires, licensees, contractors or invitees or their respective agents or employees, there shall be no abatement of rent. Except for the abatement of the Fixed Rent hereinabove set forth, Lessee shall not be entitled to and hereby waives all claims against Lessor for any compensation or damage for loss of use of the whole or any part of the Premises and/or for any inconvenience of annoyance occasioned by any such damage, destruction, repair or restoration.

10.6 Termination in Event of Taking. If all the Premises are taken by eminent domain this Lease shall terminate when Lessee is required to vacate the Premises. If by such a taking the floor area of the Premises is reduced by more than 20% thereof, or the number of parking spaces in the parking area is reduced to less than four (4) parking spaces per one thousand (1,000) square feet of rentable space in the Center, or the access to or visibility of the Premises are materially affected, this Lease may at the option of either party be terminated, as of the date when Lessee is required to vacate the portion of the Premises so taken, by written notice given to the other not more than 60 days after the date on which the party desiring to terminate receives notice of the taking. If by such a taking the gross floor area of the building in which the Premises are situated is reduced by more than 10%, this Lease may at the option of Lessor be terminated, as of the date when the tenants or occupants of the portion of said building so taken are required to vacate the same, by giving written notice to Lessee not more than 60 days after the date on which Lessor receives notice of the taking.

10.7 Lessor Reserves Award. Lessor reserves all rights to awards, settlements or judgments for damages to the Premises and the leasehold hereby created now accrued or hereafter accruing (not including a separate award for Lessee's moving expenses or Lessee's trade fixtures, furniture, decorations, signs and contents and business damages, if any), by reason of any authority; and by way of confirmation Lessee grants to Lessor all Lessee's right to such awards, settlements or judgments and agrees to execute and deliver such further instruments of assignment thereof as Lessor may from time to time request.

10.8 Abatement of Rent. In the event of any casualty or taking, a just portion of the Fixed Rent and Lessee's Pro Rata Share of Operating Costs according to the nature and extent of the

injury, shall be abated, until completion of repairs or rebuilding required to be made by Lessor under Section 10.5 or termination of this Lease. Lessee's prorated share of taxes and insurance costs shall also be abated to the extent Lessor is reimbursed by its insurance carrier for such costs. In the case of casualty, which permanently reduces the area of the Premises, or if following a casualty the restored Premises are smaller in area than the original area of the Premises, a just proportion of the Fixed Rent and any additional rent due hereunder shall be abated for the remainder of the Lease Term.

ARTICLE XI DEFAULTS

11.1.1 Default and Remedies. This Lease and the Term and estate hereby granted are subject inter alia to the limitation that whenever Lessee shall make an assignment for the benefit of creditors, or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition alleging an act of bankruptcy or insolvency is filed against Lessee, or whenever a petition shall be filed by or against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall seek or consent or acquiesce in the appointment of any trustee, receiver, or liquidator of Lessee or of all or any subtrustee, receiver or liquidator of Lessee or of all or any substantial part of its properties, or whenever a permanent or temporary receiver of Lessee or of, or for the property of Lessee shall be appointed, or if Lessee shall plead bankruptcy or insolvency as a defense in any action or proceeding, then, Lessor, (a) at any time after receipt of notice by Lessor of the occurrence of any such event, or (b) if such event occurs without the acquiescence of Lessee, at any time after the event continues for sixty (60) days, may give Lessee a notice of intention to end the Term at the expiration of 3 days from the service of such notice of intention, and upon the expiration of said 3 days the term and estate hereby granted, (unless Lessee has vacated the petition for bankruptcy or vacated the appointment of a receiver within the 30 day period) whether or not the Term shall theretofore have commenced, shall terminate with the same effect as if that day were the last day of the lease term hereof, but Lessee shall remain liable for damages as provided in this Lease.

11.1.2 Further Limitation. This Lease and the Term and estate hereby granted are subject to the further limitation that: (a) whenever Lessee shall default in the payment of any monthly installment of Fixed Rent, or in the payment of any other sums payable to Lessor under this Lease as additional rent, on any day upon which the same shall be due and payable (and such default shall continue for five (5) days after written notice to Lessee), or (b) whenever Lessee shall do or permit anything to be done, whether by action or inaction contrary to any of Lessee's obligations hereunder, and if such situation shall continue and shall not be remedied by Lessee within 45 days after Lessor shall have given Lessee a written notice specifying the same, or in the case of a happening or default which cannot with due diligence be cured within a period of 45 days and the continuance of which for the period required for cure will not subject Lessor to the risk of criminal liability or termination of any superior lease or foreclosure of any superior mortgage, if Lessee shall not duly institute within such 30 day period and promptly and diligently prosecute to completion all steps necessary to remedy the same, or (c) whenever any event shall occur or any contingency shall arise whereby this Lease or any interest therein or the estate hereby granted or any portion thereof or the unexpired balance of the Term hereof would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Lessee, except as expressly permitted in this Lease, or (d) whenever Lessee

shall abandon the Premises, or a substantial portion of the Premises shall remain vacant and not open for business for the Permitted Use for a period of 150 consecutive days, unless such vacancy arises as a result of a casualty then in any such event covered by subsections (a), (b), (c) or (d) of this Paragraph at any time thereafter, Lessor may give to Lessee a 3 day notice of intention to terminate this Lease, and upon the expiration of said 3 days this Lease and the Term and estate hereby granted, whether or not the Term shall theretofore have commenced, shall terminate (unless, if the default is other than one covered by clause (a) above, the default shall have been cured within such 3 day period); and such termination shall be with the same effect as if that day were the last day of the Lease Term hereof, but Lessee shall remain liable for damages as provided in Article XII of this Lease. During the pendency of any proceedings brought by Lessor to recover possession by reason of default, Lessee shall continue all money payments required to be made to Lessor, and Lessor may accept such payments for use and occupancy of the Premises; in such event Lessee waives its right in such proceeding to claim as a defense that the receipt of such money payments by Lessor constitute a waiver by Lessor of such default.

11.1.3 Re-Entry by Lessor - Default Provisions. If this Lease shall terminate as a result of default by Lessee under this Lease, Lessor or Lessor's agents may, without further notice, immediately or at any time thereafter, enter upon and re-enter the Premises, or any part thereof, and possess or repossess itself thereof either by summary dispossession proceedings, ejectment or by any suitable action or proceeding at law or by agreement, and may dispossess and remove Lessee and all other persons and property from the Premises without being liable to indictment, prosecution or damages thereof, and may repossess the same, and may remove any persons therefrom, to the end that Lessor may have, hold and enjoy the Premises and the right to receive all rental income again as and of its first estate and interest therein. The words "enter" or "re-enter", "possess" or "repossess" as herein used, are not restricted to their technical legal meaning. Lessee shall pay to Lessor the Fixed Rent and any Additional Rent due up to the time of such termination of this Lease or of such recovery of possession of the Premises by Lessor, as the case may be, and shall also pay to Lessor damages as provided in Article XII.

11.1.4 Breach. In the event of any breach by Lessee of any of the agreements, terms, covenants or conditions contained in this Lease, Lessor shall be entitled to enjoin such breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease.

11.1.5 Cumulative Remedies. Each right and remedy of Lessor provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Lessor of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

11.1.6 Retention of Monies. If this Lease shall terminate under the provisions of this Article IX, or if Lessor shall re-enter the Premises under the provisions of this Article X, or in the event of re-entry, by or under any summary dispossession or other proceeding or action or any provision of law by reason of default hereunder on the part of Lessee, Lessor shall be entitled to retain all monies, if any, paid by Lessee to Lessor, whether as advance rent, security or otherwise, but such monies shall be credited by Lessor against any Fixed Rent or Additional Rent due from Lessee at

the time of such termination or re-entry or, at Lessor's option, against any damages payable by Lessee under Article XII pursuant to law.

11.1.7 Legal Costs. In the event of any suit, action or proceeding at law or in equity, by Lessor against Lessee or Lessee against Lessor by reason of any matter or thing arising out of this Lease, the prevailing party shall recover, not only its legal costs, but also reasonable attorneys' fees (to be fixed by the Court) for the maintenance or defense of said action or suit, as the case may be.

In addition, if Lessee shall default, after any applicable cure period, in the payment of Fixed Rent or Additional Rent, and based thereon Lessor shall incur any legal expenses for court proceedings or disbursements, then Lessee shall, within 10 days of demand therefor, reimburse Lessor for all such expenses and disbursements.

11.1.8 Lessor's Right to Cure Defaults. Lessor may, but shall not be obligated to cure, at any time, following ten (10) days' prior written notice to Lessee, except in cases of emergency when no notice shall be required any default by Lessee under this Lease to the extent Lessor reasonably would be able so to cure; and whenever Lessor so elects, the lower of the highest rate of interest or eighteen (18%) percent annually on any sums expended by Lessor, plus all costs and expenses expended or incurred by Lessor, including reasonable attorneys' fees, shall be paid by Lessee to Lessor on demand.

11.1.9 No Waiver of Default. No consent or waiver, express or implied, by Lessor to or of any breach of any covenant, condition or duty of Lessee shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

ARTICLE XII DAMAGES

12.1 If this Lease is terminated under the provisions of Article XI, or if Lessor shall re-enter the Premises under the provisions of Article XI or of re-entry by summary dispossession proceedings, ejectment or by any action or proceeding at law, or by agreement, or by force or otherwise, by reason of default hereunder on the part of Lessee, Lessee shall pay to Lessor as damages, at the election of Lessor either:

(a) on demand, a sum which at the time of such termination of this Lease or at the time of any such re-entry by Lessor, as the case may be, represents the excess of (1) the aggregate of the Fixed Rent and the additional rent payable hereunder which would have been payable by Lessee (conclusively presuming the additional rent to be the same as was payable for the year immediately preceding such termination) for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the expiration of the Term, had this Lease so not terminated or had Lessor not so re-entered the Premises over (2) the aggregate rental value (calculated as of the date of such termination or re-entry) of the Premises for the same period, or,

(b) sums equal to the Fixed Rent and the additional rent (as above presumed) payable hereunder which would have been payable by Lessee had this Lease not so terminated, or had Lessor not so re-entered the Premises, payable monthly but otherwise upon the terms therefor specified herein following such termination or such re-entry and until the expiration of the Term, provided, however, that if Lessor shall relet the Premises or any portion or portions thereof during said period, Lessor shall credit Lessee with the net rents received by Lessor from such reletting, such net rents to be

determined by first deducting from the gross rents as and when received by Lessor from such reletting the expenses incurred or paid by Lessor in terminating this Lease or in re-entering the Premises and in securing possession thereof, as well as the expenses of reletting, including altering and preparing the Premises or any portion or portions thereof for new tenants, brokers' commissions, advertising expenses, attorneys' fees, and all other expenses properly chargeable against the Premises and the rental therefrom; it being understood that any such reletting may be for a period shorter or longer than the remaining Term of this Lease, but in no event shall Lessee be entitled to receive any excess of such net rents over the sums payable by Lessee to Lessor hereunder, nor shall Lessee be entitled in any suit for collection of damages pursuant to this Subsection to a credit in respect of any net rents from a reletting, except to the extent that such net rents are actually received by Lessor. If the Premises or any part thereof should be relet in combination with other space, then proper apportionment shall be made of the rent received from such reletting and of the expenses of reletting.

Lessor shall use reasonable efforts to relet the Premises. Provided Lessor has used such reasonable efforts, Lessor shall in no event and in no way be responsible or liable for any failure to relet the Premises or any part thereof; nor shall Lessor be liable in any event for failure to collect any rent due upon any such reletting.

ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1 Notices from Lessee to Lessor. Any notice from Lessee to Lessor shall be deemed duly given to Lessor at the address hereinbelow set forth, either by (a) registered or certified mail, return receipt requested, postage prepaid, by depositing the same in an official U.S. Postal depository, in which event notice shall be deemed to have been given on the date of receipt of the notice unless the notice is rejected in the ordinary course of business, in which case the date of mailing shall be deemed the date of service or (b) delivery by reputable, established overnight carrier, in which event notice shall be deemed given on the business day on which delivery was made or, if rejected, attempted, addressed as follows: Grade A Market, Incorporated, 200 Shippan Avenue, Stamford, Connecticut 06902, or such other addresses as Lessor may from time to time designate by written notice given to Lessee, with a copy to Tooher, Puzzuoli & Wool, L.L.C., 1100 Summer Street, Stamford, Connecticut 06905.

13.2 Notice from Lessor to Lessee. Any notice from Lessor to Lessee shall be deemed duly given if mailed or delivered to Lessee addressed as follows: St. Vincent's Development Corporation, 2800 Main Street, Bridgeport, CT with a copy to PHP Healthcare Corp., 11440 Commerce Park Drive, Reston, VA.

13.3 Lease not to be Recorded. Lessee agrees that it will not record this Lease but both parties shall, upon the request of either, execute and deliver a notice or short form of this Lease in recordable form, as required by any applicable statutes. If this Lease is terminated before the Term expires, Lessor may file in the name of the Lessor and Lessee a notice of such termination to be recorded. Any such form shall not specify the Fixed Rent or additional rent and shall be in form satisfactory to Lessor.

13.4 Bind and Inure: Limitation of Lessor's Liability. The obligation of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Lessor and each successive holder of the Lessor's interest in the Premises shall be liable only for the obligations arising during the period of such ownership of such interest. Lessor and Lessor's partners (if the Lessor be a partnership, general or limited) shall

not be personally liable to the Lessee for the performance of any of the covenants of the Lessor under this Lease; and in the event of any alleged claim by tenant against Lessor arising under this Lease (or the relationship of Lessor and Lessee hereunder or Lessee's use and occupancy of the Premises), Lessee agrees it will not seek to secure any such claim against Lessor by any attachment, garnishment or other security proceedings against property of Lessor other than the Premises; and in the event Lessee obtains any judgment against Lessor by virtue of an alleged default by Lessor under this Lease (or such relationship or use and occupancy), Lessee agrees it will not look to any property of Lessor other than the Premises, for satisfaction of such judgment, such exculpation of liability to be absolute and without any exception whatsoever.

13.5 Events Beyond Lessor's and Lessee's Control. Lessor and Lessee shall not be responsible for any failure or delay in performance of their respective obligations under this Lease (other than Lessee's obligation to pay Rent and other charges due under this Lease) because of circumstances beyond its reasonable control, including, without limitation, acts of God, fires, floods, wars, civil disturbances, sabotage, accidents, labor disputes (whether or not the employees' demands are reasonable within the party's power to satisfy), governmental actions or inability to obtain labor, material, equipment or transportation, nor shall any such failure or delay give to Lessor or Lessee the right to terminate this Lease, or affect, impair or excuse the obligations of Lessee to pay rent hereunder, or to perform any other covenants, agreements, terms, provisions and conditions hereunder on the part of Lessee to be performed.

13.6 Status Certificate. Lessee agrees from time to time, upon not less than thirty (30) days' prior written request by Lessor, to execute, acknowledge and deliver to Lessor a statement in writing certifying that this Lease is unmodified and in full force and effect and that Lessee has no defenses, offsets or counterclaims against its obligation to pay Fixed Rent or additional rent; and to perform its other covenants under this Lease; or, if there have been any modifications, that the Lease is in full force and effect as modified, and stating the modifications and any defenses or offsets claimed by Lessee in reasonable detail. Any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or mortgagee of the Premises or the Center. Lessor agrees to use reasonable efforts to obtain from Elm Street Limited Partnership and any future mortgagee of the property a standard subordination, non-disturbance and attornment agreement with respect to any future mortgagee of the property.

13.6.1 Subordination, Attornment, Notice to Lessor and Mortgagees. This Lease, and all rights of Lessee hereunder, are and shall be subject and subordinate in all respects to all present and future ground leases, overriding leases and underlying leases and/or grants of term of the land and/or the Building or the portion thereof in which the Premises are located in whole or in part now or hereafter existing ("superior leases") and to all mortgages and building loan agreements, which may now or hereafter affect the land and/or the Building and/or any of such leases ("superior mortgages") whether or not the superior leases or superior mortgages shall also cover other lands and/or buildings, to each and every advance made or hereafter to be made under the superior mortgages, and to all renewals, modifications, replacements and extensions of the superior leases and superior mortgages and spreaders, consolidations and correlations of the superior mortgages. This Section shall be self-operating and no further instrument of subordination shall be required. In confirmation of such subordination and attornment mentioned below, Tenant shall promptly execute and deliver at its own cost and expense any instrument, in recordable form, if required, that Lessor, the lessor of any superior lease or the holder of any superior mortgage or any of their respective successors in interest

may request to evidence such subordination and attornment mentioned below.

Lessee agrees without further instruments of attornment in each case, to attorn to the lessor under any superior lease, or the holder of any superior mortgage, as the case may be, to waive the provisions of any statute or rule or law now or hereafter in effect which may give or purport to give Lessee any right of election to terminate this Lease or to surrender possession of the Premises in the event a superior lease is terminated or a superior mortgage foreclosed, and that unless and until said lessor, or holder, as the case may be, shall elect to terminate this Lease, this Lease shall not be affected in any way whatsoever by any such proceeding or termination, and Lessee shall take no steps to terminate this Lease without giving written notice to said lessor under the superior lease, or holder of a superior mortgage, and a reasonable opportunity to cure (without such lessor or holder being obligated to cure), any default on the part of Lessor under this Lease.

13.7 No Accord and Satisfaction. No acceptance by Lessor of a lesser sum than the Fixed Rent, or other additional rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such rent or charge due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent or other charge be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

13.8 Applicable Law and Construction. This Lease shall be governed by and construed in accordance with the laws of Connecticut. If any term of this Lease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Lease shall be valid and enforceable to the fullest extent permitted by law. There are no oral or written agreements between Lessor and Lessee affecting this Lease. This Lease may be amended only by instruments in writing executed by Lessor and Lessee. Lessor shall not be deemed, in any way or for any purpose, to have become, by the execution of this Lease or any action taken thereunder, a partner of Lessee in its business or otherwise a joint venturer or a member of any enterprise with Lessee. The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Lease. The listing or naming on Exhibit A of any other lessee or the description thereof of any kind of business in the Center and any and all such designations appearing upon the site plan shall not be considered part of this Lease. If there be more than one Lessee under this Lease, the obligations imposed by this Lease upon Lessee shall be joint and several.

13.9 Warranties. It is agreed that no warranties or representations, either express or implied in law or in fact, have been made by Lessor, except to the extent specifically set forth herein.

13.10 Submission not an Option. The submission of this Lease or a summary of some or all of its provisions for examination does not constitute a reservation of or option for the Premises, or an offer to lease, it being understood and agreed that this Lease shall not bind Lessor in any manner whatsoever until it has been approved and executed by Lessor and delivered to Lessee.

13.11 Waiver of Trial by Jury. The parties hereby shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way

connected with this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Premises and/or claim of injury or damage.

13.12 Exhibits. This Lease and the Exhibits attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by them.

13.13 Pronouns. The use of the neuter singular pronoun refer to Lessor and Lessee shall be deemed a proper reference even though Lessor and Lessee may be an individual, a partnership, a corporation, or a group of two or more individuals or corporation. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Lessor or Lessee to either corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

13.14 Captions. The captions, section numbers, article numbers and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

13.15 Holding Over. Any holding over after the expiration of the Term, (a) with the consent of Lessor, shall be construed to be a tenancy from month to month at the rent and additional rent herein specified and shall otherwise be on all of the terms and conditions set forth, or (b) without the consent of Lessor, shall (in addition to the provisions of Section 8.1.9 hereof), at the option of Lessor, be deemed to be occupying as a month to month tenant at a monthly rent equal to two (2) times the monthly Fixed Rent and additional rent payable during the average of the last six months of the Term, as renewed, if applicable.

13.16 Waivers. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Lessee is evicted or dispossessed for any cause, or in the event Lessor obtains possession of the Premises, by reason of the violation by Lessee of any of the covenants or conditions of this Lease, or otherwise.

13.17 Additional Rent. Any and all sums, amounts or payments payable by Lessee under this Lease, in addition to Fixed Rent, including, without limitation, Operating Costs, Real Estate Taxes and utilities, shall be deemed to constitute "additional rent" under this Lease, and Lessor reserves the same rights and remedies against Lessee for default in any such payments as Lessor shall have for default in the payment of Fixed Rent, including, without limitation, the right to seek and recover the same as "rent" under any applicable provisions of the United States Bankruptcy Act.

13.18 Survival of Covenants. Notwithstanding any contrary provision of this Lease, any and all covenants of Lessor, which in accordance with the terms of this Lease should have been but were not fully performed on the date of the expiration or termination of this Lease, shall survive such expiration or termination.

13.19 Notice to Lessor re: Default. Notwithstanding any contrary provision of this Lease, Lessee shall not under any circumstance (except in an emergency repair situation) commence any action or proceeding or take any action based upon an alleged breach or default of this Lease by or through Lessor unless and

circumstance (except in an emergency repair situation) commence any action or proceeding or take any action based upon an alleged breach or default of this Lease by or through Lessor unless and until (a) Lessee first shall have notified Lessor in writing thereof, specifying in detail the facts of the alleged breach or default, and (b) Lessor shall not have cured, used due diligence to cure, or commenced to cure said alleged breach or default within 20 days after receipt of said notice.

ARTICLE XIV RENT PAYMENTS

14.1 In the event that Lessor's interest in this Lease shall pass to or devolve upon another, or in the event that the rent accrued or to accrue hereunder shall be assigned, or in the event that one, other than Lessor, shall become entitled to collect the rent accrued or to accrue hereunder, then, and in such event, notice of the fact shall be given to Lessee by Lessor in writing, or, if Lessor is an individual and shall have died or become legal representative, accompanied by due proof of the appointment and capacity of such executor, administrator, or legal representative, and until such notice and proof shall be given to Lessee, Lessee may continue to pay the rent accrued or to accrue hereunder to the one to whom, and in the manner in which, the last preceding installment of rent hereunder was paid, and each such payment shall, to the extent thereof, fully exonerate and discharge the Lessee. Lessee shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until written notice of the appointment and the extent of the authority of such agent shall be given to Lessee by the one appointing such agent.

ARTICLE XV ASSIGNMENT

15.1 Assignment. The Lessee shall not assign, mortgage or pledge this Lease, or sublet the whole or any part of the Premises without the Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed by Lessor, provided further that Lessee may assign this Lease to any of its affiliates for the use set forth in Section 1.5 hereof without Lessor's prior written consent and may sublease all or any portion of the Demised Premises to physicians or other medical providers for the use set forth in Section 1.5 hereof without Lessor's prior written consent so long as such assignee and/or sublessee agrees to be bound to the terms of this Lease and so long as Lessee remains primarily liable hereon.

ARTICLE XVI SUBLEASE

16.1 Sublease. This is a sublease. The Lessor's interest in the Premises is as Sublessee in an underlying lease made by the Lessor herein, as Tenant, and Elm Street Limited Partnership, as Landlord, dated March 15, 1991, a copy of which is attached hereto and made a part hereof as **EXHIBIT C** (hereinafter referred to as the "Lease"). Except as provided in Article IV, this sublease is expressly made subject to all the terms and conditions of the Lease. The Lessee shall use the Premises in accordance with the terms of the underlying lease and shall not do or omit anything which will breach any of its terms. If the Lease is terminated as a result of a breach by the Lessor of this Sublease, Lessee (St. Vincent's Development Corporation) shall be liable to Elm Street Limited Partnership for complying with the terms and conditions of this Sublease, including, but not limited to, the payment of Fixed Rent and Additional Rent as more fully set forth in the following Paragraph. Lessor agrees to abide by all of the terms and conditions of the underlying lease and shall not do or omit

anything which shall breach any of its terms and conditions.

As a condition of this Lease, Lessor agrees to obtain from Master Lessor a) its written consent to this sublease; b) its written approval of Lessee's use of the Demised Premises as set forth herein and of Lessee's right to assign and/or sublet its interests in the sublease as set forth herein; c) its written agreement to permit Lessee to remain as a lessee in the Demised Premises under the terms and conditions of this sublease in the event that the underlying lease shall terminate prior to its termination date provided that such termination is not the result of a breach by the Lessee of this sublease and the Lessee has attorned to the Master Lessor; d) its written agreement consenting to its execution of any necessary construction permit applications pursuant to the terms of this sublease; and e) its written statement that Lessor is now in full compliance with all of the terms and conditions of the underlying lease. However, in the event that the Lease shall terminate prior to its termination date as a result of a breach of the Lease by Lessor herein, Lessee agrees to pay Elm Street Limited Partnership the fixed rent and additional rent at the per square foot rate set forth in the Lease dated March 15, 1991 (but only for the 6,000 square feet which constitutes the Demised Premises subleased hereunder) commencing on the date of said Lessor's breach. In said event, neither Lessor nor Lessee shall make a claim against Elm Street Limited Partnership for any fees or costs, including, but not limited to, attorneys' fees and brokerage commissions and Elm Street Limited Partnership shall not be liable therefor.

Furthermore, Lessor shall defend, indemnify and save harmless Lessee and its agents and employees against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Lessee and/or its agents by reason of the Lease terminating prior to its termination date as a result of a breach of the Lease by Lessor herein. In case any action or proceeding is brought against Lessor by reason of any such claim, Lessor shall, at Lessor's expense, resist or defend such action or proceeding by counsel approved by Lessee in writing, which approval Lessee shall not unreasonably withhold.

**ARTICLE XVII
SECURITY DEPOSIT**

THIS ARTICLE HAS BEEN DELETED IN ITS ENTIRETY.

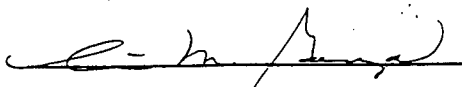
**ARTICLE XVIII
MISCELLANEOUS PROVISION**

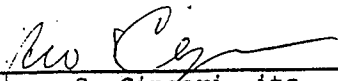
Section 18.01. Within ten (10) days of the execution of this Lease Agreement, Lessee agrees to deliver to the Lessor the following documents: 1) a Certificate of Incumbency for Lessee; 2) a Corporate Resolution signed by the Secretary of Lessee confirming that the corporation has the necessary authority to enter into this Lease Agreement and Richard D'Aquila is the President of same and, as such officer, is authorized to execute and deliver this Sublease Agreement; and 3) a current Certificate of Good Standing for Lessee issued by the Secretary of the State of Connecticut.

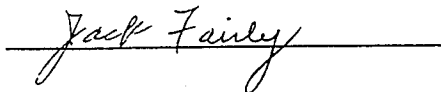
IN WITNESS WHEREOF, the parties hereto have caused this Instrument to be executed, as of the day and year first above written.

SIGNED, SEALED and DELIVERED
in the presence of:

LESSOR:
GRADE A MARKET, INCORPORATED



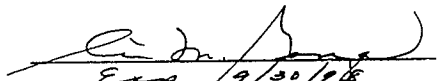
By 
Rocco S. Cingari, its
President, duly authorized



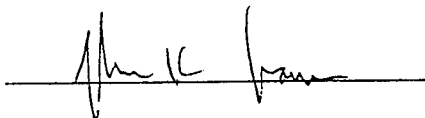
STATE OF CONNECTICUT }
COUNTY OF FAIRFIELD } ss: STAMFORD

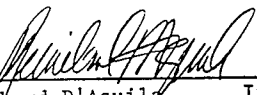
December 8, 1995

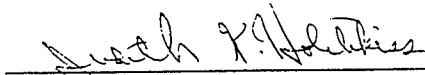
Personally appeared GRADE A MARKET, INCORPORATED, by Rocco S. Cingari, its President, hereunto duly authorized, signer and sealer of the foregoing instrument and acknowledged the same to be his free act and deed and the free act and deed of said corporation.


Exp 12/30/98
~~Commission of the Superior Court/Notary Public~~

LESSEE:
ST. VINCENT'S DEVELOPMENT
CORPORATION



By 
Richard D'Aquila, Its
President, duly authorized



STATE OF CONNECTICUT }
COUNTY OF FAIRFIELD } ss:

December 4, 1995

Personally appeared ST. VINCENT'S DEVELOPMENT CORPORATION, by Richard D'Aquila, its PRESIDENT, hereunto duly authorized, signer and sealer of the foregoing instrument and acknowledged the same to be his free act and deed and the free act and deed of said corporation.

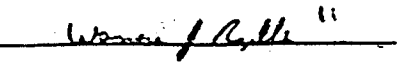

~~Commission of the Superior Court/Notary Public~~

EXHIBIT A

ALL THOSE two certain pieces, parcels or tracts of land, together with the buildings and improvements thereon, situated in the City of Stamford, County of Fairfield and State of Connecticut, described as follows:

FIRST TRACT

Said tract is known and designated as Lot No. 49 as shown and delineated on a certain map entitled, "Map Showing Property of Arthur G. Jessup, Shippan Avenue and Elm Street, Stamford, Conn.," which map is on file in the office of the Town Clerk of said Stamford as the map number 597; reference thereto being hereby had.

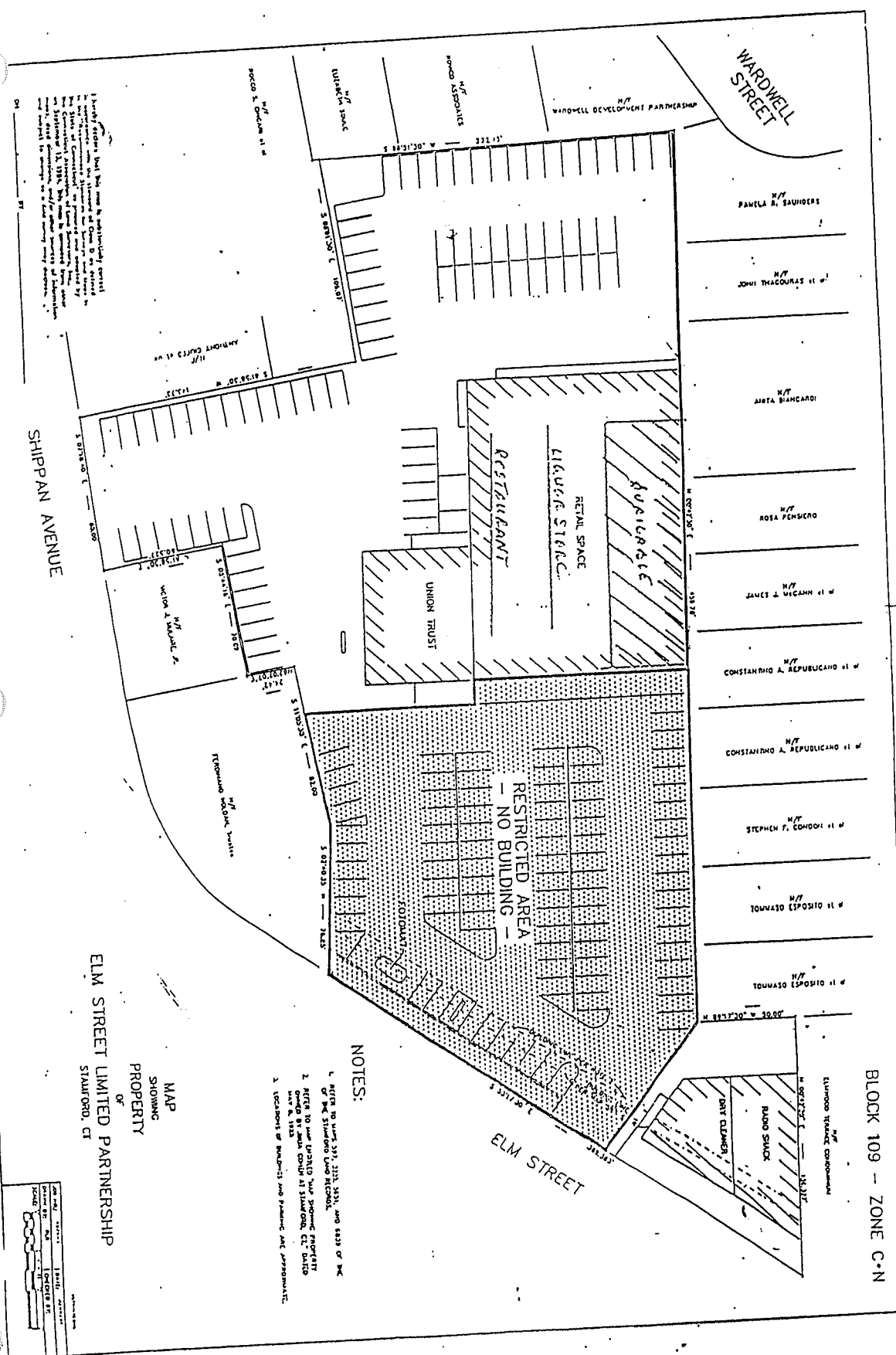
SECOND TRACT

Said tract is shown and delineated on a certain map entitled, "Map Showing Consolidation of Properties of Elm Street Ltd Partnership, Stamford, Connecticut," which map is on file in the office of the Town Clerk of said Stamford as the map number 11985, reference thereto being hereby had.

Together with an easement of way, in common with others, for the purposes of ingress and egress over and across a strip of land five feet in width and designated as "5.00 foot easement" located along a portion of the westerly boundary of Plot A on map number 6839 on file in the office of the Town Clerk of said Stamford.

Together with the benefits of a certain easement of record set forth in a certain grant from Fred Bova recorded in Book 963 at page 248 of the Stamford Land Records.

107
Pursuant to Ordinance - Redness & Mead
Ordinance - Redness & Mead - Ordinance - Redness & Mead
Ordinance - Redness & Mead - Ordinance - Redness & Mead

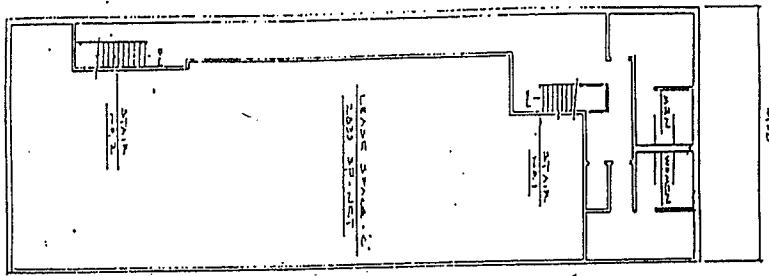


MAP
SHOWING
PROPERTY
OF
ELM STREET LIMITED PARTNERSHIP
STAMFORD, CT

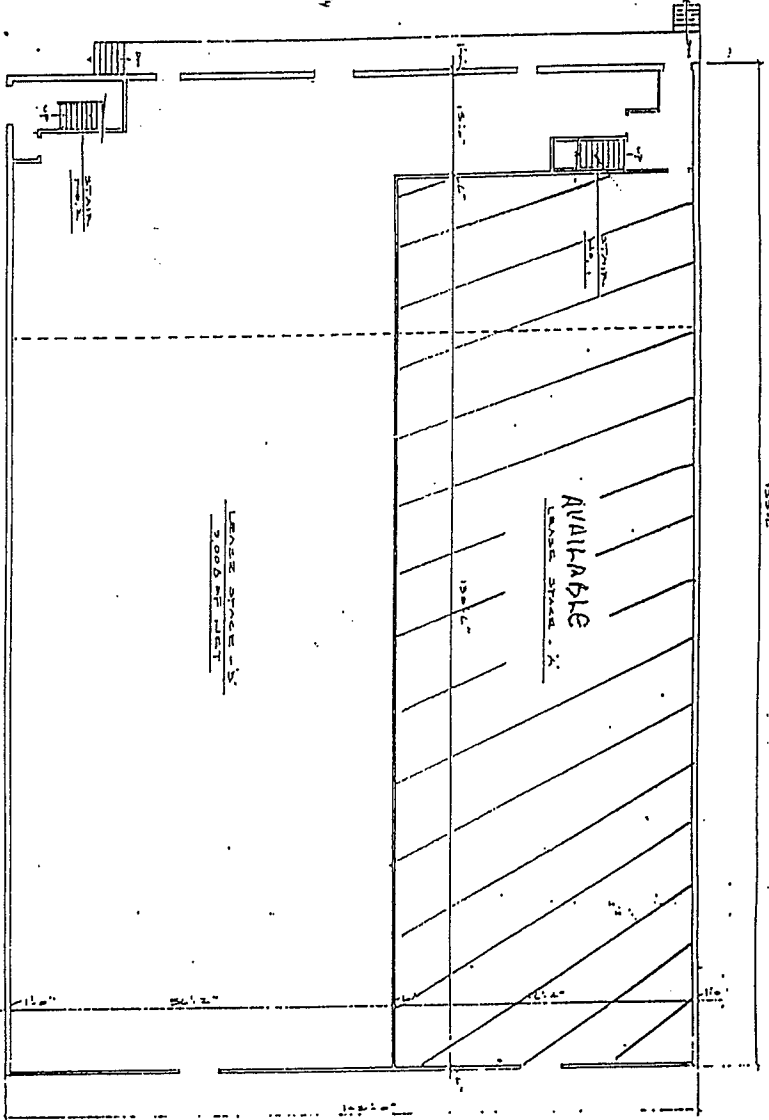
- NOTES:
1. REFER TO MAPS 351, 325, 331, AND 443 OF THE
OF THE STAMFORD ZONE RECORDS.
 2. REFER TO THE UNITS AND PROPERTY
OWNED BY THE PARTNERSHIP AT 1000 ELM ST. STAMFORD, CT 06901.
 3. LOCATIONS OF BUILDINGS AND PARKING ARE APPROXIMATE.

EXHIBIT B

Second Floor Plan
Scale: 1/8" = 1'-0"
10,234 S.F. (10,234)



First Floor Plan
Scale: 1/8" = 1'-0"
16,234 S.F. (16,234)



		DIM. STUD. (16,210) PARKING SIMON, CT.			

COVE EXHIBIT C

CONSENT TO SUBLEASE

ELM STREET LIMITED PARTNERSHIP (Lessor) under a certain Lease by and between it and GRADE A MARKET, INCORPORATED dated March 15, 1991, (the "Lease") hereby consents to a sublease of approximately 6,000 square feet of space at shopping center premises situated on the southerly side of Elm Street, Stamford, Connecticut (the "Premises") and thereafter demised under a certain Sublease by and between Lessee and ST. VINCENT'S DEVELOPMENT CORPORATION (Sublessee) dated ~~December 1~~, 1995, on the following terms and conditions:

1. Lessor shall be furnished with a copy of the Sublease Agreement between Lessee and Sublessee (the "Sublease") within ten (10) days after its execution. Except as otherwise set forth herein, Lessor shall receive the Sublease merely for informational purposes and shall not review or pass upon any of the provisions of the Sublease and shall not be bound or estopped in any way by any of the provisions of the Sublease, irrespective of whether or not Landlord has notice thereof. Except as otherwise set forth herein, Lessor assumes no obligation whatsoever in connection with the Sublease or Sublessee. Notwithstanding the foregoing however, Lessor agrees with the terms and conditions of Section 16.1 of the Sublease and agrees to be bound thereby.

2. By executing and delivering this Consent to Sublease, Lessor shall not be deemed to have waived any of Lessee's obligations under the Lease. Lessor's consent to said sublease in no way changes, modifies or alters any of the terms, covenants or conditions contained in the Lease or the duties or obligations of Lessee thereunder.

3. Lessee shall remain liable for the performance and observation of the covenants and conditions contained in the Lease on Lessee's part to be performed in the same manner and to the same extent as if Lessors consent to the sublease had not been granted.

4. To the best of Lessor's knowledge and belief, all obligations and conditions under the Lease to be performed to date by Lessee have been satisfied and the Lease is a valid Lease and in full force and effect.

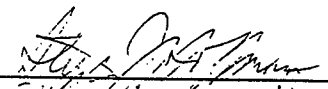
5. Lessor agrees to cooperate with Lessee and Sublessee in Sublessee's effort to obtain a building permit from the City of Stamford Building Department for Lessee's Alterations to the Demised Premises.

6. The Sublease shall be subject and subordinate at all times to the Lease and to all the provisions, covenants, agreements, terms and conditions of the Lease and to any mortgage to which the Lease is subject or subordinate and to all renewals, modifications, consolidations, corrections, replacements and extensions thereof, and Sublessee shall not do or permit anything to be done in connection with Sublessee's use and occupancy of the Premises which would violate any of said provisions, covenants, agreements, terms and conditions. No right, estate or privilege of Sublessee shall exceed Lessee's rights, estate and privileges under the Lease.


7. The term "Lessee" in this "Consent to Sublease" shall be deemed to also include Rocco S. Cingari and Salvatore A. Cingari, Jr., who are the guarantors of the Lease.

IN WITNESS WHEREOF, the undersigned have executed this Consent on the 1st day of December, 1995.

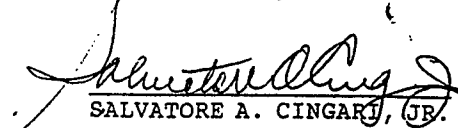
ELM STREET LIMITED PARTNERSHIP

BY: 
STEVEN T. WRIGHT, its
GENERAL PARTNER, duly authorized

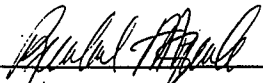
GRADE A MARKET, INCORPORATED

BY: 
ROCCO S. CINGARI, its
President, duly authorized


ROCCO S. CINGARI, Guarantor


SALVATORE A. CINGARI, JR.
Guarantor

ST. VINCENT'S DEVELOPMENT
CORPORATION

BY: , its
Richard D'Aquila, duly authorized
President

AMENDMENT OF SUBLEASE AGREEMENT

THIS AGREEMENT (the "Amendment") dated as of this day of March, 1996 between **GRADE A MARKET, INCORPORATED**, a corporation organized and existing under the laws of the State of Connecticut, with its principal place of business at 200 Shippan Avenue, Stamford, Connecticut, acting herein by **ROCCO S. CINGARI**, its President, (hereinafter referred to as "Lessor") and **ST. VINCENT'S DEVELOPMENT CORPORATION**, a corporation organized and existing under the laws of the State of , with its principal place of business at 2800 Main Street, Bridgeport, Connecticut , acting herein by , its , duly authorized (hereinafter referred to as "Lessee").

W I T N E S S E T H

WHEREAS, pursuant to that certain Sublease Agreement dated December , 1995 (the "Lease"), Lessor leased to Lessee and Lessee leased from Lessor, subject to and with the benefit of the terms, covenants, conditions and provisions of the Lease, that certain space (the "Premises") containing approximately six thousand (6,000) square feet of area as shown on **EXHIBIT A**, within the building leased by Lessor situated in the City of Stamford, State of Connecticut. The Premises were demised together with the right to use the Common Areas in the Lease.

WHEREAS, the parties hereto desire to amend the Lease with respect to those matters hereinafter set forth.

NOW THEREFORE, in consideration of the sum of ten (\$10.00) dollars paid and other good and valuable consideration, the mutual receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

(For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.)

1. Section 1.4 of Article I of the Lease is hereby deleted and replaced with the following:

1.4 **Broker.** - The Lessee represents, and the Lessor recognizes **M. F. Discala & Company and Vidal, Inc.** as the real estate brokers or agents who brought about this transaction. Lessor hereby agrees to pay the agreed upon commission due **M.F. Discala & Company**. Lessee hereby agrees to pay the agreed upon commission due **Vidal, Inc.** in accordance with the terms hereof. The Lessor has entered into this agreement in reliance upon the representation by the Lessee that no real estate broker or agent other than the aforementioned brought the subject premises to the Lessee's attention or was in any way whatsoever the procuring cause of this transaction, and the Lessee agrees to save the Lessor harmless from the judicially proven claims of any other real estate broker or agent providing such claims are based on having shown or interested the Lessee in said premises, including reasonable attorneys' fees and court costs.

2. Except as modified by this Amendment, the Lease and all the covenants, agreements, terms and provisions and conditions thereof shall remain in full force and effect.

3. The covenants, agreements, terms, provisions and conditions contained in this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors, except as otherwise provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

LESSOR:

GRADE A MARKET, INCORPORATED
a Connecticut corporation

J. E. Fairley
[Signature]

By: [Signature]
Rocco S. Cingari,
President

STATE OF CONNECTICUT:

: ss: Stamford

COUNTY OF FAIRFIELD

On this the 20th day of March, 1996, before me, the undersigned officer, personally appeared ROCCO S. CINGARI, who acknowledged himself to be the President of GRADE A MARKET, INC., a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation, as the free act and deed of corporation.

[Signature]
Commissioner of the Superior
Court/Notary Public

My Commission Expires:

9/20/98

LESSEE:

ST. VINCENT'S DEVELOPMENT
CORPORATION

Dolores Miele

By: [Signature]
Richard D'Aquila, Its
President, duly authorized

Gail Da Silva

STATE OF CONNECTICUT :

: ss: Stamford

COUNTY OF FAIRFIELD :

On this the 20th day of March, 1996, before me, the undersigned officer, personally appeared Richard D'Aquila, who acknowledged himself/herself to be the President of ST. VINCENT'S DEVELOPMENT CORPORATION, a corporation, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation, as the free act and deed of corporation.

[Signature]
Commissioner of the Superior
Court/Notary Public

My Commission Expires:

May 1, 1997

INDENTURE OF LEASE

by and between

ELM STREET LIMITED PARTNERSHIP (Landlord)

and

GRADE A. MARKET, INCORPORATED (Tenant)

MARCH 15, 1991

12
2014

EXHIBIT E

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EXHIBITS

Exhibit

- A - Plan - Demised Premises and Center
- B - Tenant's Plans
- C - Intentionally Omitted
- D - Intentionally Omitted
- E - Guaranty

THIS INDENTURE OF LEASE, made as of the 15 day of ~~MARCH~~ 1991 by and between ELM STREET LIMITED PARTNERSHIP, a limited partnership organized and existing under the laws of the State of Connecticut, with its office and principal place of business at 707 Summer Street, P.O. Box 3580, Stamford, Connecticut 06905 (hereinafter the "Landlord"), and GRADE A. MARKET, INCORPORATED, a Connecticut corporation having its office at 200 Shippan Avenue, Stamford, Connecticut (hereinafter the "Tenant").

W I T N E S S E T H:

ARTICLE I

DEMISE AND USE

1.1. Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, that certain space (the "Premises") containing approximately sixteen thousand five hundred sixty three (16,563) square feet of area, in the area cross-hatched on Exhibit A, situated within the Center (as hereinafter defined) owned by Landlord situated in the City of Stamford, State of Connecticut. The Premises are demised together with the right to use the Common Areas hereinafter described. As used in this Lease the words "Premises" and "Building" are synonymous. The Premises constitute the entire Building and the space presently occupied by Union Trust constitutes a separate building adjacent to the Building.

1.1.(a) Additional Premises. Notwithstanding anything herein to the contrary, Tenant shall have the right, at its option, on written notice to Landlord, to lease from Landlord, subject to this Lease, including without limitation, all prior rights reserved by Landlord in Section 1.2 hereof, and all zoning and planning rules and regulations of the City of Stamford, and with the benefit of the terms, covenants, conditions and provisions of this Lease, that certain space (the "Additional Premises") containing approximately 13,000 square feet of area, in the area marked "Additional Premises" on Exhibit A, situated within the Center (as hereinafter defined) owned by Landlord situated in the City of Stamford, State of Connecticut. In the event Tenant exercises its option to lease the Additional Premises, (i) they shall be demised together with the right to use the Common Areas, as hereinafter defined, and (ii) the license rights granted to Tenant pursuant to Section 2.3 hereof in the area

encompassed by the Additional Premises shall be revoked. The Additional Premises are to be used solely for the retail sale of gardening supplies and Tenant may not lease or use the Additional Premises for any other use.

(b) Subject to the rights reserved to Landlord in Section 1.2 hereof including, without limitation, the right to construct buildings or additions or alterations to existing buildings, Tenant shall have the right to construct a roof over no more than 6,000 square feet of the Additional Premises immediately adjacent to the Premises in compliance with all applicable requirements set forth in Article 3 herein and all zoning and planning rules and regulations of the City of Stamford.

(c) In the event the Additional Premises are leased but thereafter cease to be used for the retail sale of garden supplies, then, in such event, Tenant shall have no right to use the Additional Premises, as set forth herein (and in such later event, shall remove the roof, if any, installed by Tenant) and in lieu thereof Tenant shall have the license rights granted in Section 2.3 hereof.

1.2. Reserved Rights. Landlord reserves the right at any time to make alterations or additions to any building in the Center shown on Exhibit A; to build additional stories thereon; to construct buildings or improvements in the Center not shown on Exhibit A; to change from time to time the size, location and nature of the Common Areas including, without limitation the entrances and exits to the Center provided such changes do not materially adversely affect Tenant's ingress and egress to the Center; to build a greater or lesser area of the buildings shown on Exhibit A; to erect, install, maintain, use, repair and replace pipes, cables, ducts, conduits, plumbing, vents, wires and appurtenant fixtures leading in, to and through the Premises in locations which shall not materially interfere with Tenant's use thereof.

Notwithstanding anything to the contrary in the foregoing paragraph, Landlord agrees that (a) in the event Landlord performs any refinishing work on the east elevation of the building adjacent to the Building (i.e. Union Trust), such work shall be consistent with the refinishing work performed or to be performed by Tenant pursuant to Paragraph 3.1 hereunder, (b) no buildings or improvements shall be constructed in the "No Build" areas shown on Exhibit A, (c) no changes in the Center will be made by Landlord including, but not limited to, alterations and additions to the existing buildings or Common Areas or the construction of additional buildings, which result in or

materially adversely interfere with the ingress and egress from exits and entrances to the Center or reduce the number of exits and entrances as shown on Exhibit A, (d) no alterations or additions shall be performed between November 1st and January 10th of any year except in an emergency, (e) Landlord shall notify Tenant of its intention to perform work pursuant to the rights reserved under this Section 1.2 prior to the issuance of building permits by the appropriate municipal department, but Tenant shall not have any approval rights over said work or plans pursuant to which the work is to be performed.

1.3. Common Areas. "Common Areas" shall mean and include all entrances, exits, driveways, service roads, sidewalks, landscaping, outdoor and traffic lighting facilities, pylon signs, curbing, parking areas and all other improvements in the Center which are intended for the common use of all of the owners of land or tenants within the Center.

1.4. Center - shall mean the land described on Exhibit A, together with all improvements, structures and/or buildings now or hereafter located thereon during the Term of this Lease, or as they or any part thereof may, from time to time, be reduced by eminent domain takings or dedications to public authorities or disposition or demolition by Landlord, and "Building" shall mean the building in which the Premises are located.

1.5. Broker - None.

1.6. Permitted Use - shall mean, collectively, the retail uses required or permitted as set forth below in this Section 1.6, which are the only uses which may be conducted on the Premises. Subject to the provisions of Sections 8.1.2 and 8.2.2 hereof, throughout the entire Term of this Lease, Tenant does hereby agree to operate, assign or sublease (in accordance with Section 8.2 hereof) the Premises for any or to any lawful retail use that (i) does not violate any restriction in any lease of space in the Center existing prior to the commencement of such use by Tenant or its permitted assignees or subtenants, and in that regard, Landlord represents that on the date hereof there are no restrictions in any existing lease of space in the Center, (ii) shall be permitted by all applicable statutes, laws, codes, rules and regulations, (iii) would not result in the sale of the same or similar products or the performance of the same or similar services as those occupying 50% or more of the floor area or consisting of 50% or more of the gross sales of any other tenant of the Center), and (iv) would be operated in accordance with

the character of the Center ("Permitted Use").

1.7. (a) Tenant's Pro Rata Share of Taxes - shall mean eighty one (81%) percent.

(b) Tenant's Pro Rata Share of Costs of Operation and Insurance- shall mean 66.5%.

(c) In the event Tenant leases the Additional Premises then, in such, event Tenant's Pro Rata Share of Costs of Operation and Insurance shall be a fraction, the numerator of which shall be the sum of (a) 16,563 (b) the number of square feet of area of the Additional Premises over which Tenant constructs a roof plus (c) the number of square feet of area in the Additional Premises, if any, which are used by Tenant in a manner that interferes with the loading, unloading or parking of vehicles by other tenants in the Center (other than the roof area referred to in (b) above) and the denominator of which is the total number of rentable square feet of area of all buildings in the Center. In no event shall Tenant's Pro Rata Share of Costs of Operation and Insurance be less than 66.5%.

1.8 Tenant's Floor Space - the total number of square feet of Premises, which for purposes of this Lease the parties agree and stipulate is 16,563.

1.9 Guarantors - shall mean Rocco Cingari, and Salvatore A. Cingari, Jr., jointly and severally, pursuant to the Guaranty in the form annexed hereto as Exhibit E.

1.10 Security Deposit- \$100,000.00 either in cash or by irrevocable, unconditional, sight letter of credit issued by a Connecticut bank, satisfactory to Landlord, in form and substance satisfactory to Landlord, deposited pursuant to Article XIV hereof upon execution of this Lease, subject to increase in accordance with the provisions of Section 8.1.10 hereof.

1.11 Old Lease - that certain lease dated as of January 23, 1979, for the Premises between Elm Associates, Landlord's predecessor in interest, and Tenant.

ARTICLE II

TERM AND DELIVERY OF PREMISES

2.1. Term. The "Term" or "Lease Term" of this

Lease shall commence on the date this Lease is fully executed and delivered to each other by Landlord and Tenant (the "Commencement Date") and shall expire on that date which is 15 years from the Commencement Date plus any partial month so that the term expires on the last day of a month (the "Expiration Date"), subject to the conditions hereinafter set forth.

2.2. Delivery of the Premises. Tenant represents and warrants that it has received and reviewed a copy of a written report prepared by John Mallozzi dated April 28, 1990, and an Asbestos Abatement Project Report prepared by Hygenx, Inc., project dates July 18 - August 9, 1990, and that Tenant has examined the Premises and is fully satisfied with the condition thereof including, without limitation, the structural condition of the Premises, its foundation, roof and exterior walls. The Tenant, however, shall only be liable and obligated for any damages, penalties, claims, costs, charges and expenses due to the presence of asbestos on the Premises if such damages, penalties, claims, costs, charges and expenses were caused or incurred as a result of the presence of asbestos installed by Tenant, its agents or employees. Tenant agrees to accept the Premises "as is", except that Landlord shall, at its cost and expense, on or before May 17, 1991 (i) repair and replace all currently existing light poles and install a new light pole, all with high pressure sodium heads, in the locations in the parking lot shown on Exhibit A annexed hereto, (ii) repair and re-stripe the parking spaces in the parking lot, (iii) reface and refinish the exterior east and south side of the building occupied by Union Trust, as shown on Exhibit A annexed hereto, and (iv) reface and refinish the exterior front (north side) of the Building, as shown on Exhibit A annexed hereto, including, but not limited to, the front canopy, the roof and the underside of the front canopy, and illumination under the canopy, and lolly columns to be comparable in color, but not necessarily material, to the building to be constructed or the existing building to be renovated, whichever is applicable, on the site presently occupied by Tenant located on the easterly side of Shippan Avenue, Stamford, Connecticut, it being understood, however, that Landlord's obligation under these subparagraphs (iii) and (iv) is a "one-time" obligation and once Landlord has performed the same Landlord shall have no further obligation to re-perform said work (collectively, Items (i) - (iv) being referred to as "Landlord's Work").

2.3. Grant of License. (a) Landlord hereby grants to Tenant, commencing as of the Commencement Date, a revocable license to use (i) that portion of the parking

area immediately to the rear of the Premises in the area marked "License Area 1" on Exhibit A annexed hereto and (ii) that portion of the parking area immediately to the side of the Premises in the area marked "License Area 2" on Exhibit A annexed hereto, for any lawful retail use provided that all of the conditions set forth in subparagraphs (i) - (iv) of Section 1.6 hereof are complied with by Tenant and provided further that the use of such license by Tenant would not interfere with the loading, unloading or parking of vehicles by any other tenants in the Center. Landlord, in its sole discretion, shall have the right, on thirty (30) days written notice to Tenant, to require Tenant to discontinue any such retail use commenced by Tenant pursuant to the licenses granted by this Section.

(b) To the extent permitted by applicable zoning and other laws, and so long as there is no interference with other tenants in the Center and the same is permitted by their respective leases, and by the holder of any superior mortgages affecting the Center, subject to Landlord's consent to be reasonably exercised as to number, Tenant shall have a revocable license to use some parking spaces in the rear of the Center in the area marked "Rear Parking Area" on Exhibit A, for the employees and customers of Grade A Market, Inc. (the supermarket owned by Tenant located on the easterly side of Shippan Avenue). This license shall continue in effect only so long as Tenant and/or its current shareholders continue to be the same entity that own said supermarket.

ARTICLE III

IMPROVEMENTS

3.1. Tenant's Work - Tenant agrees that it will within forty-five (45) days after the execution of this Lease submit to Landlord for Landlord's approval, which will not be unreasonably withheld, or delayed beyond a period of fifteen (15) days, two (2) complete sets of plans and specifications ("Tenant's Plans") outlining in detail the construction to be performed by Tenant, which shall include all work necessary to operate the Premises for the Permitted Use including, without limitation, installation of a new ten (10) year guaranteed first class roof of the Building and a new heating, ventilating and air-conditioning system or systems ("HVAC System"), (collectively "Tenant's Work"). Such approval shall not constitute a waiver by Landlord of any requirement under this Lease that Tenant perform Tenant's Work in accordance with all applicable laws, ordinances, rules or regulations

affecting the same nor shall such approval impose any liability or responsibility upon Landlord for the legality or adequacy of such plans and specifications. Tenant covenants to use due diligence in obtaining the necessary building permits after Landlord has approved Tenant's Plans. After receipt of such permits, Tenant covenants to use best efforts to commence Tenant's Work on the Commencement Date, and Tenant shall perform Tenant's Work so as to ready the Premises for opening within ninety (90) days following the Commencement Date. Notwithstanding the foregoing, the new HVAC system shall be installed prior to Tenant or any subtenant of Tenant opening for business in the Premises or any portion thereof and the new roof shall be installed on the Building promptly after the installation of the new HVAC System, but in no event later than July 1, 1991. Tenant shall perform its work in such manner as not to interfere with any work being done by or for Landlord (or by or for other tenants) in the Premises or elsewhere in the Center. Tenant shall keep the Premises free and clear of debris caused by construction of Tenant's Work. During any period of occupancy of the Premises by Tenant prior to the Commencement Date, such occupancy shall be subject to all the terms, covenants and conditions contained in this Lease. With respect to Tenant's Work and Tenant's Alterations referred to in this Article, (a) Tenant agrees to employ for such work one or more responsible contractors whose labor will work in harmony with other labor working in the Center; (b) Tenant shall cause such contractors employed by Tenant to carry Worker's Compensation and disability insurance in accordance with statutory requirements, comprehensive general public liability insurance covering such contractors on or about the Premises in amounts not less than \$1,000,000 single combined limit and otherwise meeting all of the requirements of the insurance referred to in Article X hereof, (c) builders risk insurance on an "all risk" basis on a completed value form including a permission to complete and occupy endorsement, for full replacement value; and (d) Tenant shall not consent to the reservation of any title by any conditional vendor to any property purchased by Tenant in the Premises which may be affixed to the realty so as to become a part thereof. The foregoing shall not prohibit Tenant from granting a security interest in Tenant's personal property and/or trade fixtures installed in the Premises to a lending institution financing Tenant's acquisition of same.

3.2. Tenant's Alterations. Following the initial Tenant's Work as herein described, Tenant shall have the right without the necessity of obtaining Landlord's consent, at Tenant's expense to make

alterations, installations, additions or improvements in or to the interior of the Premises ("Tenant Alterations") which are non-structural and which do not affect utility services or plumbing and electrical lines located outside the Premises. All structural alterations to the Premises and the construction of a roof over a portion of the Additional Premises (if leased by Tenant) require the prior written consent of the Landlord, which consent Landlord covenants not to unreasonably withhold or delay for more than thirty (30) days. All Tenant's Alterations made by or on behalf of Tenant shall become the property of Landlord and shall remain upon and shall be surrendered with the Premises unless Landlord, by notice to Tenant no later than twenty (20) days after the termination of this Lease, elects to have them removed by Tenant; in such event the same shall be removed from the Premises by Tenant forthwith, at Tenant's expense, and Tenant shall repair and restore the Premises to the condition in which Landlord delivered the same to Tenant, including, without limitation, the removal of all demising walls installed by Tenant, less normal wear and tear, removal of the roof over the portion of the Additional Premises, and repair any damages to the Premises or the Building due to such removal. Nothing in this Article shall be construed to prevent Tenant's removal of trade fixtures, Tenant's furniture, computer and other trade equipment and shelving, which are not affixed to the Premises.

3.3. Permits, Insurance, Mechanics Liens.

Tenant, before undertaking any Tenant's Work or Tenant's Alterations, permitted under Section 3.1 or 3.2 above, shall, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies necessary or required in connection therewith, use of the Premises or occupancy thereof, and upon completion shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord. Tenant agrees to abide by and conform to any and all laws, ordinances, rules and regulations, federal, state or local (including, without limitation, federal Occupational Safety Hazards Act (OSHA), as the same may from time to time be amended); and shall save and hold the Landlord harmless from any cost, suit or expense arising out of any alleged violation of Tenant's obligations hereunder, including without limitation any penalties, assessments, interest or reasonable attorneys' fees charged to Landlord. If any mechanic's lien is filed against the Premises, or the Building, for the work claimed to have been done for, or materials furnished to Tenant, the same shall be discharged of record (by bonding or otherwise) at Tenant's expense within thirty (30) days after it receives

notice thereof.

3.4. Signs. Tenant shall not place, erect or install any exterior signs, lighting effects and fixtures (including pylon signs) without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. All such signs shall be maintained in good safe condition and appearance by Tenant at its own expense. Tenant further shall have the right at all times and from time to time, at its own expense, to install and maintain, replace and relocate within the Premises such lighting effects and fixtures as are or may be, from time to time used or adopted by Tenant, subject to Landlord's prior written approval, which shall not be unreasonably withheld or delayed. Notwithstanding anything hereinabove to the contrary, Tenant shall have the right, subject to compliance with all municipal laws, codes, rules and regulations, to place signs, advertising and promotional programs and other signage in the interior of the Premises.

3.5. Pylon Signs. Tenant shall have the right, if permitted by law, at its own cost and expense, to alter the existing pylon sign structure located on the Center tract, including, without limitation, changing the design thereof and the addition of the names of subtenants provided such alterations are approved by Landlord, which approval shall not be unreasonably withheld or delayed. Tenant's right to alter and use the existing pylon sign shall be subject to the right of all other existing and/or new tenants in the Center to use the pylon sign provided, however, that the use of such other tenants shall be subordinate to the use by Tenant.

ARTICLE IV

RENT

4.1. Fixed Rent. From the "Commencement Date", Tenant shall pay to Landlord, at the office of Landlord, at the address specified on Page 1 hereof, or at such other address as Landlord shall from time to time designate by notice to Tenant, or as provided in Section 13.1 hereof, a fixed rent of:

(a) For the period commencing on the Commencement Date and ending June 30, 1991, (FOUR THOUSAND ONE HUNDRED FORTY and 75/100 (\$4,140.75) per month being the "Basic Rent" due under the Old Lease;

(b) For the period commencing July 1, 1991 and ending December 31, 1992, TWO HUNDRED TWENTY SIX THOUSAND

THREE HUNDRED FIFTY SIX AND 00/100 (\$226,356.00) Dollars per annum (\$18,863.00 per month);

(c) For the period commencing January 1, 1993 and ending December 31, 1993, TWO HUNDRED THIRTY ONE THOUSAND EIGHT HUNDRED EIGHTY TWO (\$231,882.00) Dollars per annum (\$19,323.50 per month) based upon \$14.00 per square foot of Tenant's Floor Space;

(d) For the period commencing January 1, 1994 and ending December 31, 1994, TWO HUNDRED SIXTY FIVE THOUSAND EIGHT (\$265,008.00) Dollars per annum (\$22,084.00 per month) based upon \$16.00 per square foot of Tenant's Floor Space;

(e) For the period commencing January 1, 1995 and ending December 31, 1995, TWO HUNDRED EIGHTY ONE THOUSAND FIVE HUNDRED SEVENTY ONE (\$281,571.00) Dollars per annum (\$23,464.25 per month) based upon \$17.00 per square foot of Tenant's Floor Space;

(f) For the period commencing January 1, 1996 and ending December 31, 1996, THREE HUNDRED FOURTEEN THOUSAND SIX HUNDRED NINETY SEVEN (\$314,697.00) Dollars per annum (\$26,224.75 per month) based upon \$19.00 per square foot of Tenant's Floor Space;

(g) For the period commencing January 1, 1997 and ending December 31, 1997, THREE HUNDRED THIRTY ONE THOUSAND TWO HUNDRED SIXTY (\$331,260.00) Dollars per annum (\$27,605.00 per month) based upon \$20.00 per square foot of Tenant's Floor Space;

(h) For the period commencing January 1, 1998 and ending December 31, 1998, THREE HUNDRED SIXTY FOUR THOUSAND THREE HUNDRED EIGHTY SIX (\$364,386.00) Dollars per annum (\$30,365.50 per month) based upon \$22.00 per square foot of area;

(i) For the period commencing January 1, 1999 and ending December 31, 1999, THREE HUNDRED NINETY SEVEN THOUSAND FIVE HUNDRED TWELVE (\$397,512.00) Dollars per annum (\$33,126.00 per month) based upon \$24.00 per square foot of Tenant's Floor Space;

(j) For each year during the period commencing January 1, 2000 and ending on the Expiration Date, the Fixed Rent shall be the greater of: (x) the Fair Market Rent which shall be determined in accordance with the procedure set forth in Section 13.8 hereof, and (y) Twenty Four and 00/100 (\$24.00) Dollars per square foot of Tenant's Floor Space per annum.

(k) Said rent shall be payable to Landlord in equal monthly installments, without demand, and without deduction or offset except as specifically provided in this lease, on the first day of each calendar month in advance.

4.2. Date of Rent Commencement. (a) The Fixed Rent and all other rent and charges due under this Lease shall commence on the Commencement Date.

4.3. Intentionally omitted.

4.4. Late Payments of Rent. If Tenant shall fail to pay when due any installment or payment of Fixed Rent or additional rent, and such failure continues for five days, Tenant shall be required to pay a late charge of \$.06 for each \$1.00 which remains so unpaid. Such late charge is intended to compensate Landlord for additional expenses incurred by Landlord in processing such late payments and shall be due and payable within 5 days of billing therefor. Nothing herein shall be intended to violate any applicable law, code or regulation, and in all instances all such charges shall be automatically reduced to any maximum applicable legal rate or charge. Such charge shall be imposed monthly for each late payment.

4.5. Lease Year. A "Lease Year" shall be deemed to be a period of twelve months commencing on the first day of January and ending on the succeeding last day of December except that if the period between the Commencement Date and the first December 31st is less than twelve months, then the first Lease Year shall be such lesser period.

4.6. Intentionally Omitted.

4.7. Intentionally Omitted.

4.8. Intentionally Omitted.

4.9. Intentionally Omitted.

ARTICLE V

REAL ESTATE TAXES

5.1. Definition of Real Estate Taxes. "Real Estate Taxes", "real estate taxes" or "Taxes" shall mean all real estate and ad valorem taxes, special and general assessments, water and sewer rents, taxes and assessments, school taxes, and other governmental impositions and charges of every kind and nature whatsoever, extraordinary

as well as ordinary, foreseen and unforeseen, and each and every installment thereof, which shall or may during, or with respect to, the Term, be levied, assessed, imposed, become or have become due and payable; or liens upon, or arising in connection with the use, occupancy or possession of, or growing due or payable out of or for, the Center or any part thereof, or any land, buildings or other improvements therein or thereupon. Such term shall include any charge, such as a water meter charge (i.e. if the municipality supplies water to the Premises) and the sewer rent based thereon, unless measured by the consumption by the actual user of the item or service for which the charge is made and billed separately to tenants of the Center. Whether or not Landlord shall take the benefit of the provisions of any statute or ordinance permitting any assessment for public betterments or improvements to be paid over a period of time, Landlord shall, nevertheless, be deemed to have taken such benefit so that the term "Taxes" shall include only the current annual installment of any such assessment and the interest on the unpaid installments. A tax bill or copy thereof submitted by Landlord to Tenant shall be conclusive evidence of the amount of a Tax or installment thereof. Nothing herein contained shall be construed to include as Real Estate Taxes any inheritance, estate, succession, transfer, gift, franchise, corporation, income or profit tax or capital levy that is or may be imposed upon Landlord; provided, however, that, if at any time during the Term the methods of taxation prevailing at the execution of this Lease shall be altered so that in lieu of or as a substitute for or in addition to the whole or any part of the Taxes levied, assessed or imposed on real estate as such there shall be levied, assessed or imposed (i) a tax on the rents received from such real estate, or (ii) a license fee measured by the rents received by Landlord from the Center or any portion thereof, or (iii) a tax or license fee imposed upon Landlord which is otherwise measured by or based in whole or in part upon the Center or any portion thereof, then the same shall be included in the computation of Real Estate Taxes hereunder, computed as if the amount of such tax or fee so payable were that due if the Center were the only property if Landlord subject thereto.

5.2. Payment of Real Estate Taxes. In addition to the rent provided herein, Tenant shall pay to Landlord as additional rent (a) Tenant's Pro Rata Share of Taxes (81%, as defined in Section 1.7 above) of the amount of Real Estate Taxes imposed upon the land (excluding the Building and all other buildings) and (b) one hundred (100%) percent of the Real Estate Tax imposed upon the Premises as long as the Premises continue to be separately

assessed and, if not separately assessed then Tenant shall pay Tenant's Pro Rata Share of the amount of Real Estate Taxes imposed upon the Building and all other buildings in the Center comprising the Center, payable or paid by Landlord during, or pertaining to, the Term of this Lease, as hereinafter set forth. A "Tax Year" shall mean the period covered by any Tax.

5.3. Method of Payment. Payment shall be made to Landlord upon submission of a bill therefor, but such payment shall not be required more than 20 days prior to the due date of the Tax. If prior to the Commencement Date, Landlord has paid Taxes which payment covers a period of time following the Commencement Date, within 20 days of submission of a receipted tax bill therefor Tenant shall pay Landlord Tenant's Pro Rata Share of such Taxes for which Tenant is responsible under Section 5.2 above. If required by the holder of a superior mortgage, Landlord shall submit to Tenant Landlord's estimate, reasonably determined, of Taxes due and payable during the succeeding Tax Year or Lease Year. If so estimated, then on the first day of each month during the succeeding Tax Year or Lease Year, Tenant shall pay to Landlord one-twelfth of such estimated increase (plus, if such statement is submitted after the commencement date of any other Tax Year or Lease Year, one-twelfth of such estimated increase times the number of months, or parts thereof, which have elapsed since said commencement date). Within 30 days following the end of the Tax Year or Lease Year, Landlord shall submit to Tenant a statement showing the actual Taxes and the aggregate amount of such estimated payments made by Tenant during such Tax Year or Lease Year. To the extent that such estimated payments are less than the amount of such actual Taxes, Tenant shall pay to Landlord the difference within 20 days next following rendition by Landlord of an invoice therefor; to the extent that such estimated payments are greater than such actual Taxes, the difference shall be credited against the next monthly installment or installments of Fixed Rent until paid, or if the last lease year is involved, such difference shall be paid to Tenant within 20 days of rendition of such Landlord's statement.

5.4. Refunds and Reductions of Taxes. Landlord may, at any time and from time to time, commence a protest, action or proceeding for a refund of Taxes and/or for a reduction in Taxes applicable to any Tax Year during the Term. If Landlord commences any such protest, action or proceeding, it shall notify Tenant who shall have the right to join in such protest, action or proceeding, at Tenant's cost and expense. If Landlord shall receive a

refund for any such Tax Year, Tenant shall be entitled to Tenant's Pro Rata Share of such refund, payment for which shall have been made by Tenant as additional rent (including any interest paid on such refund by the taxing authorities), but not in excess of the amount of additional rent paid by Tenant on account of such Tax Year, after deducting from such refund and interest that portion (or all, as the case may be) of the costs and expenses (including experts' and reasonable attorneys' fees of obtaining such refund). With respect to costs and expenses (including experts' and attorneys' fees) attributable to any such protest, action or proceeding for a reduction in Taxes referred to in this Section 5.4, Tenant shall pay to Landlord Tenant's Pro Rata Share of such costs and expenses, as additional rent, but in no event to exceed the amount of such a reduction benefiting Tenant.

If Landlord shall fail to commence an action for a refund of Taxes paid or applicable to the Term, then Tenant, after at least 30 days notice to Landlord, may commence, in good faith, appropriate proceedings conducted at Tenant's expense, in Tenant's (and such other tenants, if applicable) name(s), or (whenever necessary as provided below) in Landlord's name. Landlord agrees to cooperate reasonably with Tenant, provided that Landlord shall not incur any expense in connection therewith, and provided further that during such proceedings Tenant pays all its Pro Rata Share of Taxes. Landlord shall not be required to join in any such proceedings unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord or any owner of the Center, in which event Landlord shall join in such proceedings or permit the same to be brought in its name. Landlord shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant will indemnify and save harmless Landlord from any such costs and expenses and from the claims of any third parties as a result of, or in connection with, any such proceedings. Tenant shall allow Landlord the opportunity to join in any such proceeding.

If Tenant (and other tenants, if applicable) shall receive a refund for any Tax Year during the Term, Tenant and such other tenants shall be entitled to any refund applicable to Taxes, payment for which shall have been made by Tenant and such other tenants as additional rent (including any interest paid on such refund by the taxing authorities), but not in excess of the amount of additional rent paid by Tenant and such other tenants on account of such Tax Year, after deducting from such refund and

interest that portion (or all, as the case may be) of the costs and expenses (including experts' and attorneys' fees) of obtaining such refund; and Landlord shall be entitled to any refund applicable to the Taxes not paid by Tenant and such other tenants after deducting from such refund and interest that portion (or all, as the case may be) of the costs and expenses (including experts' and attorneys' fees) attributable to such refund or reduction benefiting Landlord.

5.5. Taxes on Tenant's Improvements and Property. In addition to the foregoing, Tenant shall pay one hundred (100%) percent of any Real Estate Taxes attributable solely to Tenant's Work or Tenant's Alterations including, without limitation, the construction of a roof over a portion of the Additional Premises, to the extent that the tax records of the City of Stamford do specifically designate which portion of the Real Estate Taxes upon the Center are attributable solely to Tenant's Work or Tenant's Alterations.-

Tenant agrees to pay to the local tax authorities and other governmental agencies, throughout the Term and any renewal thereof, all personal property taxes which may be levied against Tenant's merchandise, trade fixtures, and other personal property in and about the premises.

5.6. Change in Tax Determination. If at any time the taxing authorities change the standards or methods utilized in arriving at Taxes, then in such event calculations under Sections 5.2 and 5.3 shall be made by applying such factor or factors to the new standards or methods as may be necessary to make the calculations on the same basis as that in effect on the date of execution of this Lease.

5.7. Combined Assessment. In the event that, at any time, the Center is assessed for Tax purposes with other property owned by Landlord, and the taxing authorities are unwilling to separately assess or tax the properties, the Tax ascribable to the Center shall be such portion of the Tax on the entire properties as the value of the Center bears to the value of the entire properties, as such values are determined by the Assessor of the municipality which the Center is located. An informal apportionment by such Assessor of the total assessment to such Real Property shall be binding upon the parties hereto.

ARTICLE VI

COMMON AREAS; LANDLORD'S REPAIRS; AND OPERATING COSTS

6.1 Common Areas

6.1.1. Common Areas Operation. (a) Landlord, as an "Operating Cost" (defined in Section 6.3.1 hereof), shall at all times during the Term maintain or cause to be maintained the Common Areas and to keep them in good repair and in a safe condition, reasonably clean and free of rubbish, debris, ice, snow or other hazards (except sidewalks immediately in front of leased premises for which tenants thereof are responsible for keeping free of rubbish) to persons using the same ("Common Areas Maintenance"). Landlord shall make reasonable efforts to cause snow removal from the parking areas to be performed by 8:00 a.m. Landlord shall operate, equip, light, stripe the parking areas, repair, replace and maintain the Common Areas for their intended purposes. Landlord shall cause abandoned vehicles to be removed from the parking areas. Except as provided in this Section 6.1, in Section 6.2 or Section 10:6 hereof, Landlord shall have no responsibility to make any repairs to any portion of the Center. Landlord shall not be liable for any inconvenience or interruption of business or other consequences resulting from the making of repairs, replacements, improvements, alterations or additions by or at the direction of Landlord, to or upon any of such Common Areas, or from any delay or failure to perform such maintenance, snow removal or other work with respect to such Common Areas, where such delay or failure is attributable to strikes or other labor services, or from any cause beyond Landlord's reasonable control. Landlord shall have no duty to furnish police services (public or private) in connection with traffic control or circulation. Tenant shall have the right at its sole cost and expense, to hire private police or security guards and shall give Landlord notice of its engagement of such security services. Tenant agrees to keep the exterior sidewalk immediately in front of the Premises clean and free of dirt and debris, ice, snow or other hazards. Landlord agrees that no repairs (except in the case of emergency), replacements, improvements, alterations or additions shall be made between November 1st and January 10th of any year.

(b) Notwithstanding the foregoing provisions of subparagraph (a) of this Section 6.1.1, Tenant may on thirty (30) day's notice to Landlord, elect to perform or cause to be performed the Common Areas Maintenance. In such event, Landlord shall have the right to require Tenant to cease performing such Common Areas Maintenance, providing one the following shall occur: (a) other tenant(s)

in the Center are dissatisfied with Tenant's performance; (b) the holder of any "superior mortgages" on the Premises, the Center or Building requires it; (c) Landlord shall establish by reasonable evidence that it can perform or cause said work to be performed more efficiently or inexpensively than Tenant or (d) or administration of such Common Areas Maintenance is unwieldy, inefficient or otherwise unsatisfactory to Landlord, in its sole reasonable discretion. Landlord shall give Tenant thirty (30) days notice of its election to terminate and in such event, Landlord shall perform or cause to be performed such Common Area Maintenance.

(c) In the event Tenant elects to perform the Common Areas Maintenance, Tenant shall be responsible for remitting payment of the items constituting the Common Areas Maintenance to the parties entitled thereto. Tenant shall be entitled to reimbursement from Landlord for thirty three and one-half (33.5%) percent of the Common Areas Maintenance Costs incurred by Tenant within thirty (30) days of submission of an invoice therefore, together with supporting documentation of such costs.

6.1.2. Control of Common Areas. Except as otherwise provided herein, the Common Areas shall at all times be subject to the exclusive control and management of Landlord and may be expanded, contracted or changed by Landlord from time to time as deemed desirable, subject to the provisions of Sections 1.2, 6.1.1(b) and 6.1.3. Subject to reasonable, non-discriminatory rules and regulations to be promulgated by Landlord, the Common Areas are hereby made available to Tenant and its employees, agents, customers and invitees for their reasonable non-exclusive use in common with other tenants, their employees, agents, customers, invitees and Landlord for the purposes for which constructed. Landlord shall have the right to change the areas, location and arrangement of parking areas and other Common Areas; to enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the Common Areas; to close temporarily any or all portions of the Common Areas to discourage non-customer parking; and to do and perform such other acts in and to said areas and improvements as, in the exercise of good business judgment, Landlord shall determine to be advisable with a view to the improvements of the convenience and use thereof by tenants, their officers, agents, employees and customers. Subject to Section 1.2 hereof, Landlord reserves the right in its sole discretion to change, re-arrange, alter, modify, or supplement any or all of the Common Areas designed for the common use and convenience of all tenants so long as

adequate facilities in common are made available to the Tenant herein and so long as the foregoing do not materially interfere with Tenant's use and occupancy of the Premises.

6.1.3. Parking. Landlord agrees to maintain in good condition, and repave when necessary, black topped and line painted parking areas to accommodate a minimum of one hundred twenty (120) parking spaces as shown on Exhibit A, for the exclusive use of Tenant and all other present and future tenants and/or subtenants in the Center, except that in the event Tenant leases the Additional Premises, thereafter Landlord shall only be required to maintain four (4) parking spaces per one thousand (1000) square feet of rentable square feet of buildings constructed in the Center. Notwithstanding the foregoing, in the event Tenant does not lease the Additional Premises and Landlord constructs additional buildings or additions to existing buildings not shown on Exhibit A (excluding the roof, if any, constructed or to be constructed by Tenant in the Additional Premises), Landlord shall provide, in addition to the existing 120 parking spaces (but only if such requirement is applicable), a minimum of four (4) additional parking spaces per one thousand (1000) square feet of rentable square feet so constructed in the Center. Landlord further agrees to repair curb cuts, to maintain adequate lighting facilities for said parking, and to clean the same, all as a part of common area maintenance and as an "Operating Cost", which shall be available to Tenant, its customers and employees free of charge, and it is agreed that the use of said parking facilities shall at all times be subject to such reasonable rules and regulations as Landlord may promulgate uniformly for all tenants in the Center, including but not limited to the designation by Landlord of areas (not in the front of the Building) in which such Center tenants (including Tenant herein) and their employees are to park. In this regard, promptly following execution of this Lease, Landlord shall give notice to all existing tenants in the Center informing them that their employees should park only in the area to be designated by Landlord in the area of the parking lot. Landlord shall have the right to close all or any portion of said areas to such extent as may, in the opinion of Landlord's counsel be legally sufficient to prevent a dedication thereof to public use, or the accrual of any rights to any person or the public therein. Landlord shall make reasonable efforts not to unreasonably interfere with Tenant's use and enjoyment of the Premises in exercising such rights. In the event Landlord, or any entity in which the partners of Landlord own at least 50% of the interest, becomes the owner of one or both of those

certain parcels marked "Out Parcel" on Exhibit A annexed hereto, then the customers of the tenants in said "Out Parcel(s)" shall be permitted to use the parking spaces in the Center located in the area adjacent to said Out Parcel(s), as shown on Exhibit A annexed hereto. Any lease entered into between Landlord and the tenants of said Out Parcels shall expressly limit said tenant's parking rights in the Center to only those parking Spaces so marked and identified on Exhibit A annexed hereto.

6.1.4. Tenant/Employee Parking.

Notwithstanding any contrary provisions of Section 6.1.3 above, Tenant shall require its employees to park their cars only in those portions of the Common Areas designated from time to time for that purpose by Landlord, which areas shall not be in the area identified as "No Parking Area" on Exhibit A. On Landlord's request where it reasonably appears or is alleged that Tenant's employees may be parking other than in the designated employees area, Tenant shall have the responsibility of placing stickers on such automobiles. In the event Landlord is limited or precluded from maintaining the Common Areas as otherwise required hereunder because of Tenant's failure to enforce the foregoing obligation, Landlord shall be relieved of such responsibility to the extent thereof.

6.2. Landlord Repairs. It is understood that this is a net, net, net Lease to Landlord and except for Landlord's initial obligation to make repairs as set forth in Paragraph 2.2 hereof and except for Landlord's obligations with respect to the Common Areas pursuant to Paragraph 6.1 hereof and except for other obligations in this Lease where it is specifically stated to be Landlord's obligation, Landlord shall have no obligations to Tenant with respect to the Premises, including the canopy affixed to the Premises and all amounts necessary for maintenance, operation and repair of the Premises shall be those of Tenant at Tenant's cost and expense.

6.3. Operating Costs

6.3.1. Definition of Operating Costs.

"Operating Costs" shall mean all amounts actually paid or incurred by Landlord in operating, maintaining and repairing (excluding items which are capital in nature) the Common Areas and the Center, including, without limitation, cleaning snow, ice, trash, garbage and other refuse removal; gardening and landscaping, including planting, replanting, and replacing flowers and landscaping; water and sewer charges (except to the extent that Landlord is reimbursed by other tenants); repairs; restriping parking

areas; resurfacing parking areas (amortized over a three (3) year period); exterior utilities up to their entry the Premises; painting, rental and maintenance of traffic and directional signs and equipment; lighting, sanitary control, all electrical, water or other utility charges serving the Center; policing and regulating traffic and the cost of personnel to implement such services; security, if any; reasonable depreciation of machinery and equipment necessary for such operation and maintenance; unemployment, social security, personal property, sales and use taxes; materials, supplies, and services purchased and employed for the maintenance of the Center; rental of any equipment for the maintenance and operation of the Center, and all other similar costs properly chargeable to such operation and maintenance. Excluded from Operating Costs shall be those repairs for which Landlord is responsible under Section 6.2 hereof, but all other repairs to the Center which Landlord shall make (other than those charged to any tenant in the Center) shall be included in Operating Costs. Also included shall be fifteen (15%) percent of all of the foregoing costs in this Section 6.3 to cover Landlord's administrative supervision, overhead and general conditions costs.

6.3.2. If a cost or expense shall permissibly be included under more than one category of Operating Costs, such cost or expense, of course, shall only be included once where to do so more than once would cause a duplication of, and a concomitant increase in, Operating Costs. Notwithstanding various provisions of this Lease which provide that Landlord shall do or perform certain obligations or services at Landlord's cost and/or expense, the same shall be included in "Operating Costs" to the extent that they otherwise would be pursuant to this Article 6; and this shall be so notwithstanding that in certain instances throughout this Lease there is specification that a certain expense shall be an Operating Cost, while in other instances there is no such specification.

6.3.3. Payment of Pro Rata Share of Operating Costs. It has been estimated that Tenant's Pro Rata Share of Operating Costs for the first Lease Year shall be \$16,080.00, and Tenant shall pay the same, as additional rent, at the rate of \$1,340.00 per month, in advance, on the first day of each month commencing on the Commencement Date; such amount shall be subject to adjustment, however, in the event Tenant elects to perform Common Areas Maintenance. In each Lease Year after the first Lease Year, Tenant shall pay Tenant's Pro Rata Share of Costs of Operation on the first day of each month in advance in an

estimated amount equal to 1/12 of Tenant's Pro Rata Share of Operating Costs for the preceding Lease Year. Within ninety (90) days after the end of each Lease Year, Landlord shall furnish Tenant an annual statement in reasonable detail of the actual Operating Costs paid or incurred by Landlord or its designee(s) during such period prepared in accordance with sound accounting practices by Landlord and/or Landlord's designee(s) or accountant(s) and signed and certified by an officer or partner of Landlord or its designees, and there shall be an adjustment between Landlord and Tenant within thirty (30) days thereafter with payment by Tenant or Landlord, as the case may require, to the end that Landlord shall receive the entire amount of Tenant's Pro Rata Share of such Operating Costs for such period unless Tenant shall have over paid in which event Tenant shall be reimbursed accordingly. Tenant shall have the right to audit Landlord's books and records pertaining to Operating Costs to ascertain the correctness and propriety of such charges, provided such audit is made within 6 months after the annual statement is submitted by Landlord to Tenant, is limited to the period covered by such statement, and is conducted at reasonable times during business hours of Landlord, but none of said books and records shall be removed from Landlord's office. No examination of records of other shopping centers or of the general books and records of Landlord shall be permitted.

Should such an audit indicate that Operating Costs have been overstated by Landlord by an amount in excess of one (1%) percent of actual Operating Costs, then Landlord shall pay to Tenant the reasonable cost of such an audit, together with interest on the overstated amount at the rate of 2 points above the "prime rate" to its most favored corporate customers by The Chase Manhattan Bank, N.A. as the same may change from time to time during the period when such understated amount was due but unpaid. In any event, Landlord shall be obligated to repay any amount owing to Tenant as a result of an overstatement.

6.4 Insurance Costs

6.4.1 Definition of Insurance Costs. Insurance costs shall mean all amounts actually paid or incurred by Landlord for all insurance carried by Landlord applicable to the Center, including, without limitation, primary and excess comprehensive liability, vehicle, sign, fire and extended coverage with broad form endorsements, including, without limitation, vandalism, strike, riot, war, risk, flood, boiler, plate glass, earthquake (or "all risk" insurance) and rent insurance. The type and amount of insurance shall be determined by Landlord in its sole

discretion, reasonably exercised.

6.4.2 Method of Payment of Insurance Costs.

Payment shall be made to Landlord upon submission of a bill therefor, but such payment shall not be required more than 20 days prior to the due date of the insurance premiums. If prior to the Commencement Date, Landlord has paid premiums which premiums cover a period of time following the Commencement Date, within 20 days of submission of a receipted bill therefor Tenant shall pay Landlord Tenant's Pro Rata Share of Insurance of such premiums for which Tenant is responsible. If Landlord shall submit to Tenant Landlord's estimate, reasonably determined, of premiums due and payable during the succeeding Lease Year, then on the first day of each month during the succeeding Lease Year, Tenant shall pay to Landlord one-twelfth of such estimated increase (plus, if such statement is submitted after the commencement date of any other Lease Year, one-twelfth of such estimated increase times the number of months, or parts thereof, which have elapsed since said commencement date). Within 30 days following the end of the Lease Year, Landlord shall submit to Tenant a statement showing the actual premiums and the aggregate amount of such estimated payments made by Tenant during such Lease Year. To the extent that such estimated payments are less than the amount of such actual premiums, Tenant shall pay to Landlord the difference within 20 days next following rendition by Landlord of an invoice therefor; to the extent that such estimated payments are greater than such actual premiums, the difference shall be credited against the next monthly installment or installments of Fixed Rent until paid, or if the last lease year is involved, such difference shall be paid to Tenant within 20 days of rendition of such Landlord's statement.

ARTICLE VII

UTILITIES AND SERVICES

7.1. Utilities and Charges Therefor. From and after the Commencement Date set forth in Section 2.1 of the Lease or from and after the date Tenant enters the Premises for purposes of beginning the construction of Tenant's Work, whichever date shall sooner occur, Tenant agrees to pay, as additional rent, all charges for water, gas, electric, telephone and any other utilities used or consumed in the Premises. Tenant shall change any meters in the Premises for such utilities to Tenant's name. Landlord shall be under no obligation to construct any such

utilities, and Landlord shall not be liable for any interruptions or failure in the supply of any such utilities to the Premises if due to reasons beyond Landlord's reasonable control, nor shall any such interruptions or failure entitle Tenant to an abatement of rent. Tenant agrees it will at all times keep sufficient heat in the Premises to prevent the pipes therein from freezing, and that it shall, at its cost, keep and maintain in good condition, and repair, the heating, air-conditioning, electrical, plumbing and other facilities serving the Premises. Tenant agrees, at its cost, to maintain a service contract for the care and maintenance of the heating and air-conditioning equipment serving the Premises with an accredited Company, and to provide Landlord with a copy of said contract.

ARTICLE VIII

TENANT'S ADDITIONAL COVENANTS

8.1. Affirmative Covenants. Tenant covenants at its expense at all times during the Lease Term and such further time as Tenant occupies the Premises or any part thereof:

8.1.1. Intentionally Omitted.

8.1.2. Conduct of Business. To conduct its business at all times in a high-grade and reputable manner, except when and to the extent that the Premises are untenable by reason of damage by fire or other casualty, to use for the Permitted Use.

8.1.3. Rules and Regulations. To comply with the following rules and regulations, as the same may be rescinded, or, in the event of a material change of circumstances, reasonably altered, modified or amended by Landlord on notice to Tenant from time to time and except as otherwise expressly provided herein:

(a) Intentionally omitted.

(b) No awning or other projections shall be attached to the outside walls of the Premises or the building of which they form a part without, in each instance, the prior written consent of Landlord.

(c) Intentionally omitted.

(d) All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be

placed outside of the Premises as required by the Landlord, prepared for collection in the manner and at the times and places specified by Landlord. If Landlord shall provide or designate a service for collection of refuse and garbage, Tenant may, at its option, use same, at Tenant's expense, or Tenant may make its own arrangements for the collection of its refuse and garbage, at Tenant's sole cost and expense.

(e) No radio or television aerial shall be erected on the roof or exterior walls of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Any aerial so installed shall be subject to removal at Landlord's reasonable request with notice to Tenant and any damage to the wall or roof caused by such removal shall be the responsibility of Tenant.

(f) No loudspeakers, televisions, phonographs, radios, flashing lights or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of the Landlord.

(g) No auction, fire, bankruptcy or selling out sales shall be conducted on or about the Premises without the prior written consent of the Landlord, which shall not be unreasonably withheld or delayed.

(h) Tenant shall at reasonable times, keep Tenant's display windows illuminated and the signs and exterior lights lighted each and every day that Tenant is open for business.

(i) The sidewalk immediately adjoining the Premises shall be kept clear of rubbish at all times by Tenant; and Tenant shall not place nor permit any obstructions, garbage, refuse, merchandise or displays in outside areas. Tenant with Landlord's consent, not to be unreasonably withheld or delayed, may periodically have sidewalk sales that do not interfere with other tenants in the Center.

(j) Except as specifically approved by Landlord in writing, nothing is to be attached or placed on the roof or exterior wall of the Premises nor shall Tenant place any sign or obstruction of any kind in the Center, except that Tenant may place a sign on the east wall of the Building facing Shippan Avenue, subject to the approval of the present tenant, of any subsequent tenant and provided such sign is in compliance with all municipal

laws, codes, rules and regulations.

(k) Tenant shall keep the Premises free of pests and vermin.

(l) Tenant, its employees and/or its agents, shall not solicit business in the parking or other joint use areas, nor shall Tenant, its employees and/or agents, distribute any handbills or other advertising matter in or on automobiles parked in the parking or other joint use areas.

(m) In the event that a sprinkler alarm system and/or a fire alarm system is required in the Premises in connection with Tenant's Work or Tenant's Alterations (including, without limitation, where the requirement could be eliminated by Tenant if it were to apply alternate types or standards of construction) or because of the specific Permitted Use (as opposed to any use of the Premises), then Tenant shall pay the cost thereof, and such system(s) shall, at Landlord's option, be installed by Landlord or Tenant.

(n) Whenever Tenant advertises its store, Landlord's name or the name of the Center, if included in such advertising, shall not be used in any confusing, detrimental or misleading manner, and upon termination of this Lease, Tenant will cease to use Landlord's name or the name of the Center, or any part thereof, in any manner.

(o) Tenant shall not carry on any trade or occupation or operate any instrument or apparatus or equipment which emits an offensive odor or causes a loud noise discernible outside of the Premises which is not in keeping with first class shopping center standards.

(p) Tenant shall not place within the Premises any fixtures, merchandise or other material which will individually or collectively exceed the floor load of the floor of the Premises as reasonably determined by Landlord, and shall not install or use any machinery, equipment or instrument which will individually or collectively overload or exceed the normal, safe capacity of electrical, utility or HVAC systems in the Center.

(q) Tenant agrees that it will not keep, use, sell or offer for sale in or upon the Premises any article which may be prohibited by the standard form of fire insurance policy for shopping centers. Tenant agrees to pay any increase in premiums for fire and extended coverage insurance or sprinkler insurance that may be

charged during the Term of this Lease on the amount of such insurance which may be carried by Landlord on the Premises or any building in the Center, resulting from the type of merchandise sold by Tenant in the Premises, whether or not Landlord has consented to the same. In determining whether increased premiums are the result of Tenant's use of the Premises, a schedule issued by the organization making the insurance rate on the premiums, showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up the fire insurance rate on the Premises. Landlord shall, for the enforcement of the covenants, conditions and agreements set forth in this Section have all remedies in this Lease provided for breach of the provisions hereof.

8.1.4. Repairs and Maintenance. To make any and all repairs required to be made to the Premises including, without limitation, the roof of the Building and the HVAC System, during the Term and to Tenant's Work, Tenant's Alterations and any other improvements placed in the Premises by either Landlord or Tenant, to all plate glass, and all repairs for which Tenant is responsible under Section 6.2 hereof, all at Tenant's own cost and expense and without expense to Landlord, excepting that in the event of damage or destruction to the Premises, the provisions of Section 10.6 shall govern. All such repairs shall be made by Tenant promptly and without delay and shall be made of quality or class equal to the original work or construction. In addition thereto, Tenant agrees to make any and all repairs required to be made to any heating and air conditioning equipment situated outside of the Premise but servicing only the Premises. Repairs as used herein shall mean replacement whenever reasonably necessary. If Tenant refuses or neglects to make any such repair within the prescribed time for defaults and applicable notice periods under this Lease, Landlord may make such repairs and upon completion thereof, Tenant shall pay Landlord's reasonable cost for making such repairs within 30 days of receipt by Tenant of a bill therefor, as additional rent. Said bill shall include interest at the rate of 2 points above the "prime rate" charged to its most favored customers by the Chase Manhattan Bank, N.A.

8.1.5. Compliance with Law. To make all repairs, alterations, or replacements to the Premises required by and in a manner and by methods complying with any law or ordinance or any order or regulation of any public authority because of the use of the Premises; to keep the Premises equipped with all safety appliances so required because of such use; to procure any licenses and permits required for any such use; to pay all municipal,

county or state taxes assessed against the leasehold interest hereunder, or personal property of any kind owned by or placed in, upon or about the Premises by Tenant; and to comply with the orders and regulations of all governmental authorities, except that Tenant may defer compliance so long as the validity of any such law, ordinance, order or regulation shall be contested in good faith and by appropriate legal proceedings, if Tenant first gives Landlord assurance satisfactory to Landlord against any loss, cost or expense on account thereof and Landlord's interest in the Center or that of any mortgagee of Landlord's interest, is not thereby jeopardized.

8.1.6. Payment for Tenant's Work and Tenant's Alterations. To pay promptly when due the entire cost of any work to the Premises undertaken by Tenant and to bond against or discharge any liens for labor or materials within 20 days after written request by Landlord; to procure all necessary permits before undertaking such work; and to do all of such work in a good and workmanlike manner, employing materials of good quality and complying with all governmental requirements.

8.1.7. Landlord's Right to Enter. To permit Landlord and its agents to examine the Premises at any time and without notice in cases of emergency, and in non-emergency situations following reasonable notice to Tenant and during Tenant's normal business hours; to show the Premises to prospective purchasers, lenders and tenants; and to enter the Premises to make such repairs and replacements as Landlord is required, or may elect, to make in accordance with any provisions of this Lease. Except as expressly otherwise provided in this Lease, Landlord shall have no liability to Tenant by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord or any tenant making any repairs or changes or performing maintenance services pursuant to the terms hereof, provided that Landlord shall be reasonably diligent with respect thereto and shall perform such work, except in case of emergency, at times reasonably convenient to Tenant and otherwise in such manner and to the extent practical as will not unreasonably interfere with Tenant's use and occupancy of the Premises.

8.1.8. Personal Property at Tenant's Risk. That all of the furnishings, fixtures, equipment, effects and property of every kind, nature and description of Tenant and all persons claiming by, through or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises or elsewhere in the

Center, shall be at the sole risk and hazard of Tenant, and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft or from any other cause, no part of said loss or damage is to be charged to or borne by Landlord, who will be an additional insured under Tenant's insurance policy covering Tenant's property as provided in Section 10.2(d) hereof.

8.1.9. Surrender. At the expiration of the Lease Term or earlier termination of this Lease to remove all trade fixtures and personal property and such other installations made by Tenant including without limitation, demising walls installed by Tenant in the Premises and the roof, if any, installed over a portion of the Additional Premises; to repair any damage caused by such removal; and to remove all Tenant's signs wherever located and to surrender all keys to the Premises and yield, quit, and surrender up the Premises, broom clean and in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease, ordinary wear and tear excepted. Tenant shall further indemnify Landlord against all loss, cost and damage resulting from Tenant's failure and/or delay in surrendering the Premises as above provided. The obligations of Tenant under the provisions of this Section shall survive the termination of this Lease.

8.1.10. Operating Entity. That the Tenant is and shall remain the same entity, and the current shareholders of Tenant shall continue to own at least 50% of the shares of the entity, that owns and operates the Grade A Markets located (a) in the Newfield Green Shopping Center on Newfield Avenue, Stamford, Connecticut, and (b) located on the easterly side of Shippan Avenue, Stamford, Connecticut. In the event Tenant and/or its current shareholders do not continue to own and operate both Grade A Markets described above (i.e. it or they sell one or both of said Grade A Markets), Tenant shall notify Landlord thereof within five (5) days of such sale and/or transfer, and said notice shall be accompanied by a \$500,000 irrevocable, unconditional, sight letter of credit issued by a Connecticut Bank in form and substance satisfactory to Landlord, which letter of credit shall be in addition to the letter of credit deposited by Tenant pursuant to Section 1.10. hereof, and shall be held by Landlord pursuant to Article XIV hereof.

8.2. Assignment and Subletting. Tenant covenants at all times during the Lease and such further

time as Tenant occupies the Premises or any part thereof:

8.2.1. Not to assign, transfer, mortgage, pledge or encumber this Lease or sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be transferred, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Tenant (any or all of the foregoing of which terms sometimes are called "transfers") without on each occasion first obtaining the written approval of Landlord. Any attempted transfer without such written consent shall be void. No transfer, whether or not approved, and no indulgence granted by Landlord to any transferee, shall in any way impair the continuing primary liability (which after a transfer shall be joint and several with the transferee) of Tenant hereunder, and no approval in a particular instance shall be deemed to be a waiver of the obligation to obtain Landlord's approval in the case of any other transfer. Landlord shall not unreasonably withhold or delay its consent to a proposed transfer, it being understood that the failure to satisfy the conditions set forth in Sections 8.2.2, 8.2.3. and 8.2.4. may cause Landlord to withhold its consent.

8.2.2. Tenant shall have the right to proceed with such a proposed assignment/sublease so long as the requirements of Sections 8.2.3 and 8.2.4 hereof are met and provided further that Tenant shall give Landlord twenty (20) days prior written notice of its intention as aforesaid, together with the following information: (i) the name and address of the proposed assignee/subtenant; (ii) the terms and conditions (including, without limitation, the proposed commencement date); (iii) current financial information regarding the proposed assignee/subtenant; (iv) the use to which the proposed assignee/subtenant would put the Demised Premises; and (v) any other information as Landlord may reasonably request, with respect to the proposed assignee/subtenant.

8.2.3. (a) Any use of the Demised Premises by an assignee/subtenant shall be for the Permitted Use and (i) shall not violate any restriction in any lease of space in the Center, (ii) shall be permitted by all applicable statutes, laws, codes, rules and regulations, (iii) would not likely result in the sale of the same or similar products or the performance of the same or similar services as those occupying 50% or more of the floor area or

consisting of 50% or more of the gross sales of any other tenant in the Center) and (iv) would be operated in keeping with the character of the Center both insofar as Landlord and other tenants of the Center are concerned; the proposed assignee/subtenant shall meet the requirements of Section 8.2.4 hereof.

(b) Intentionally omitted.

(c) Intentionally omitted.

8.2.4 In addition to the foregoing provisions of this Section 8.2, Landlord shall not unreasonably withhold or delay granting its consent to any proposed assignment or subletting provided the following conditions shall be met:

(i) Intentionally Omitted.

(ii) no assignment or subletting shall be to a person or entity which has a financial standing, is of a character, is engaged in business, is of a reputation, or proposes to use the sublet premises in a manner, not in keeping with the standards in such respects of the other tenancies in the Building and/or the Center;

(iii) the assignment and/or subletting shall be expressly subject to all of the obligations of Tenant under this Lease, and, without limiting the generality of the foregoing, the assignment or sublease shall specifically provide that such assignee or subtenant shall have a one-time right to further assign or sublet and that hereinafter there shall be no further assignment or subletting of the Premises;

(iv) Intentionally omitted;

(v) no such subletting shall result in there being more than five different occupants in the Demised Premises (i.e.- either Tenant plus four other occupants or five occupants other than Tenant);

(vi) the proposed assignee or subtenant shall not be a person then negotiating with Landlord for the rental of any space in the Center;

(vii) Landlord shall be furnished with a duplicate original of the assignment/sublease within 10 days after the date of its execution;

(viii) Tenant shall have fully and faithfully complied with all of the terms, covenants and

conditions of this Lease on the part of Tenant then to have been performed under this Lease;

(ix) In the event the Premises are sublet for the Permitted Use, (a) if Landlord then has available to lease comparable space in the Center, then for a period of 60 days following the later of the date the Premises (or part thereof) first became vacant or the expiration of the then existing sublease for such space, Tenant shall offer such space for sublease at a Fixed Rent and Additional Rent at least equal to the rent then being charged by Landlord for such comparable space in the Center, and following such 60 day period, the Fixed Rent and Additional Rent under the sublease shall be solely determined by Tenant or, (b) if no such space is available for lease by Landlord, then the Fixed Rent and Additional Rent under the sublease shall be determined solely by Tenant. Notwithstanding any subletting, Tenant and any future sublessor shall remain liable for the full performance of all of the terms and conditions of this Lease on the part of the Tenant to be performed.

(x) Intentionally Omitted.

(xi) No subletting shall require installation of a sprinkler system in the Building or any other buildings in the Center.

8.2.5 Intentionally Omitted.

8.2.6. Upon at least 20 days prior notice to Landlord, if Tenant is a corporation, this Lease may be assigned to a corporation into which Tenant merges or consolidates, or to any other corporation which controls or is under common control with Tenant, so long as any of the foregoing transactions are part of the sale of all or a substantial part of the chain of Tenant's stores; so long as the Demised Premises continue to be used for the Permitted Use; the transfer is not principally for the purpose of transferring the leasehold estate created hereby; the net worth of the assignee is at least equal to or in excess of the net worth of Tenant immediately prior to such assignment; the assignee assumes by documents satisfactory to Landlord all of Tenant's obligations to be performed under this Lease; and subject to all of the other terms and conditions of this Lease including, without limitation, Section 8.1.10 hereof.

8.3. (a) Non-Competition. Not to open, or permit any corporation, firm, partnership, trust, association or other person or entity affiliated with

Tenant and using the same trade name, directly or indirectly, to open another business for any use that would result in the sale of the same or similar services as those (existing prior to such opening) occupying 50% of more of the floor area or consisting of 50% or more of the gross sales of any other tenant in the Center, in that certain parcel of property, in the City of Stamford, in the location generally shown on Exhibit "A" which property is being sold to Tenant by Landlord pursuant to a separate contract intended to be executed simultaneously herewith, and that other certain parcel adjacent thereto, also shown on Exhibit A, both of which parcels are marked "Restricted Parcels".

ARTICLE IX

QUIET ENJOYMENT

9.1. Quiet Enjoyment. Landlord agrees that upon Tenant's paying the Fixed Rent and any additional rent hereunder, and performing and observing the agreement, conditions and other provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the Lease Term without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to the terms of this Lease, to matters of record appearing and to any mortgage, ground lease or easements which may now or hereafter be superior to this Lease. This Lease and Tenant's rights hereunder shall be automatically subject and subordinate to any future easements with respect to the Common Areas hereafter granted by Landlord in connection with any property adjoining the Center, provided such easements do not materially adversely affect Tenant's ingress and egress from the exits and entrances to the Center or any other provision of this Lease.

ARTICLE X

INSURANCE - CASUALTY - TAKING

10.1. During the Term Landlord shall carry, or cause to be carried, fire and extended coverage insurance, or all risk insurance, as Landlord shall deem appropriate for the Building(s) for their reasonable full replacement value; and all proceeds received from such insurance shall be used in the first instance in accordance with Landlord's obligations under Article X of this Lease. Landlord shall also provide Landlord's liability coverage for personal injury and property damage for the Common Areas. All of the foregoing are subject to all requirements of the

holders of any superior mortgages. As provided in Section 6.3.1, such insurance shall be an Operating Cost. Any failure by Tenant, if named as an additional insured, promptly to endorse to the order of Landlord, without recourse, any instrument for the payment of money under or with respect to a policy of which Landlord is the owner or original or primary insured, shall be deemed a default under this Lease.

10.2. Tenant's Insurance - Types. Tenant shall obtain and keep in full force and effect during the Term at its own cost and expense, the following insurance:

(a) Comprehensive general liability insurance, such insurance to afford protection initially in an amount of not less than \$3,500,000 combined single limit of liability for bodily injury, death and property damage arising out of any one occurrence, under an occurrence-basis policy, protecting Landlord, its general partners, Hoffman Bros., as Landlord's managing agent, the lessor of any ground or underlying lease of, and the holder of any superior mortgage on, the Center, if any, (collectively called "Landlord and Others in Interest"), as additional insureds, and Tenant as named insured, against any and all claims for personal injury, death or property damage occurring in, upon, adjacent, or connected with the Demised Premises and any part thereof; from time to time during the Term the foregoing limits of insurance shall be increased to those required by the holder of any superior mortgage or as are currently carried with respect to similar properties in the area where the Building is located. There shall be added to or included within said comprehensive general liability insurance (upon the same terms and conditions as above specified) all other coverages as may be usual to Tenant's use of the Demised Premises, including, without limitation (if applicable to Tenant's use), products liability, and completed operations, independent contractors liability, broad form comprehensive general liability endorsements, broad form property damage liability, explosion, collapse and underground property damage, and owners and contractors protective liability coverage during the course of construction.

(b) Workers' compensation, employees' liability and disability insurance as required by law.

(c) During the performance of Tenant's Work, Tenant's Alterations or any other work, builder's risk insurance as provided in Section 3.1 hereof.

(d) All Risk property insurance on Tenant's merchandise, trade fixtures and other personal property in the Premises, and upon Tenant's Work and Tenant's Alterations for the full replacement value thereof.

(e) Such other insurance and in such amounts as Landlord and/or Others in Interest may reasonably require from time to time and as are carried with respect to properties similar to the Premises.

10.3. Tenant's Insurance - General. (a) All insurance is to be written by insurance companies admitted to do business in the State of Connecticut, authorized to issue the relevant insurance, having a rating of no less than "A" in the most current edition of Bests Key Rating Guide, and which insurance companies shall be reasonably satisfactory to the Landlord. The original insurance policies or appropriate certificates shall be deposited with Landlord together with any renewals, replacements or endorsements to the end that said insurance shall be in full force and effect for the benefit of Landlord and Others in Interest during the Term. In the event Tenant shall fail to procure and place such insurance, Landlord may, but shall not be obligated to, procure and place same, in which event the amount of the premium paid shall be refunded by Tenant to Landlord upon demand and shall in each instance be collectible on the first of the month or any subsequent month following the date of payment by Landlord, in the same manner as though said sums were additional rent reserved hereunder. Each policy shall contain agreements by the insurer, without disclaimers, that the policy will not be cancelled without at least thirty (30) days prior notice to said additional insureds and that the act or omission of any insured will not invalidate the policy as to any other insured.

(b) Intentionally omitted.

(c) All property insurance shall cover the interest of Tenant and Landlord and Others in Interest, as their interest may appear, and the policies therefor shall provide that adjustment of any losses thereunder shall include in the negotiations, not be settled or finalized without, and be payable to, Landlord and Others in Interest, to the extent applicable. All such property insurance shall contain a provision allowing other insurance that is provided to or for Landlord. All such property insurance policies shall be required of Tenant regardless of whether Landlord, Tenant or others on behalf of Tenant perform Tenant's Work, Tenant's Alterations or any other work in the Premises.

(d) At least 10 days prior to commencement of construction of any work in the Premises, Tenant and Tenant's contractor shall deliver to Landlord (and Others in Interest, if required by them) certificates of insurance or policies (as provided in Section 10.3(a) hereof) evidencing all insurance coverages provided in this Article 10. Tenant's contractor shall be required to comply with all of such insurance obligations only through final completion of all such work.

(e) Intentionally omitted.

(f) The limits of all insurance provided under this Article 10 shall not limit Tenant's liability to Landlord under this Lease.

(g) All policies of insurance maintained by Tenant under this Article 10 shall be written as primary policies not contributing with, nor in excess of, insurance coverage that Landlord and Others in Interest may have. Tenant shall not carry separate or additional insurance which, in the event of any loss or damage, is concurrent in form or would contribute with the insurance required to be maintained by Tenant under this Lease.

10.4. Tenant's Indemnity. Tenant shall defend, indemnify and save harmless Landlord and its agents and employees against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable architects' and attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord and/or its agents by reason of any of the following occurring during the Term, or during any period of time prior to the Commencement Date that Tenant may have been given access to or possession of all or any part of the Premises: (a) any work or thing done in, on or about the Premises or any part thereof by or at the instance of Tenant, its agents, contractors, subcontractors, servants, employees, licensees or invitees; (b) any negligence or otherwise wrongful act or omission on the part of Tenant or any of its agents, contractors, subcontractors, servants, employees, subtenants, licensees or invitees occurring within the Center; (c) any accident, injury or damage to any person or property occurring within the Premises not caused by the negligence of Landlord, its agents or employees; (d) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant upon written notice

from Landlord shall at Tenant's expense resist or defend such action or proceeding by counsel approved by Landlord in writing, which approval Landlord shall not unreasonably withhold.

10.5. Waiver of Subrogation. All property insurance which is carried by either party with respect to damage to the Premises or to the property therein, whether or not required under this Lease shall include provisions which deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury, insofar as, and to the extent that such provisions may be effective without making it practically impossible to obtain insurance coverage from a qualified insurer. To the extent that an additional premium is imposed by the insurer for such a waiver, the party benefitting therefrom shall have the option either to pay such premium or to forego such waiver; and the applicable insured shall so notify the benefitting party of such premium. Each party shall be entitled to have duplicates or certificates of any policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury against which the waiving party is or may be protected by insurance containing said provisions.

10.6. Landlord to Repair or Rebuild in Event of Casualty or Taking. In case the Premises or any part thereof shall be damaged or destroyed by fire or other casualty, or ordered to be demolished by the action of any public authority in consequence of a fire or other casualty, or taken for any public or quasi-public use under any statute or by any exercise of the right of eminent domain, or by private purchase in lieu thereof, this Lease shall, unless it is terminated as provided in this Lease, remain in full force and effect, and Landlord shall at its expense, proceed with all reasonable dispatch, to repair or rebuild the Premises, or what may remain thereof, so as to restore them (not including any of Tenant's Work or Tenant's Alterations or Tenant's fixtures, furniture, furnishings, floor coverings and equipment) as nearly as practicable to the condition they were in immediately after the delivery of possession pursuant to Section 3.1 above, but Landlord shall not be required to expend in such repair or rebuilding more than the proceeds of insurance or award of damages, if any, actually received by Landlord with respect to such damage, destruction or taking, less Landlord's reasonable expenses incurred in collecting such proceeds or award, as the case may be. Tenant shall at its own expense, proceed with all reasonable dispatch, to

repair or replace such of Tenant's Work, Tenant's Alterations or its fixtures, furniture, furnishings, floor coverings and equipment as may be required as a result of such damage, destruction or taking. In the event the cost of such repair or rebuilding exceeds the proceeds or award received by Landlord, then Tenant shall have the option either to (a) pay all costs in excess of the award with respect to the rebuilding and restoration of the Building and Premises or (b) accept the Premises and Building in the condition to which they are restored by Landlord having expended the entire proceeds or award (less expenses incurred in collecting such process or award) received by Landlord.

10.7. Right to Terminate in Event of Casualty.

(a) In case (i) the Premises are rendered wholly untenable, or (ii) the Premises are damaged in whole or part as a result of a risk not covered by Landlord's insurance policies, or (iii) the Premises are damaged in whole during the last three (3) years of the Term (or of any renewal term) hereof, or (iv) the building of which the Premises form a part or the buildings which then comprise the Center are damaged (whether or not the Premises are damaged) to an extent of fifty (50) percent or more of the then monetary value thereof or fifty (50) percent or more of the floor area thereof or (v) any or all of the buildings damaged (whether or not the Premises are damaged) to such an extent that the Center cannot in the sole reasonable judgment of Landlord be operated as an integrated Unit, then or in any of such events, Landlord may, at its option, terminate this Lease and the Term and estate hereby granted, by notifying Tenant in writing of such termination, within 60 days after the date of such damage. If at any time prior to Landlord giving Tenant the aforesaid notice of termination or commencing the repair and restoration pursuant to Section 10.6, the holder of a superior mortgage or the lessor of a superior lease or any person claiming under or through the holder of such superior mortgage or the lessor of such superior lease takes possession of the Center through foreclosure or otherwise, such holder, lessor, or person shall have a further period of 60 days from the date of so taking possession to terminate this Lease by appropriate written notice to Tenant. In the event that such a notice of termination shall be given pursuant to either of the next two preceding sentences, this Lease and the Term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the date hereinbefore set for the expiration of the Term, and the Fixed Rent and additional rent due and to become due

hereunder shall be apportioned as of such date if not earlier abated.

(b) In case of substantial damage or destruction to more than 50% of the Premises, Tenant may terminate this Lease by notice to Landlord, if (i) such damage or destruction occurs during the last 3 years of the Term (unless Tenant within 30 days exercises its right to renew) or of the renewal term, or (ii) Landlord has not completed the making of the required repairs and restored and rebuilt the Premises and/or access thereto within 6 months from the date of such damage or destruction, and such additional time after such date (but not to exceed 3 months) as shall equal the aggregate period Landlord may have been delayed in doing so by adjustment of insurance or Unavoidable Delays.

Upon the termination of this Lease, as aforesaid, Tenant's liability for the rents reserved hereunder shall cease as of the effective date of the termination of this Lease, subject however, to the provisions for the prior abatement of rent hereinafter set forth. Unless this Lease is terminated by Landlord or Tenant, as aforesaid, this Lease shall remain in full force and effect and the parties waive the provisions of any law to the contrary, and Tenant shall repair, restore or replace Tenant's trade fixtures, decorations, signs, and contents in the Premises in a manner and to at least a condition equal to that existing prior to their damage or destruction and the proceeds of all insurance carried by Tenant on said property shall be held in trust by Tenant for the purpose of such repair, restoration or replacement. If by reason of such fire or other casualty the Premises is rendered wholly untenable, the Fixed Rent and Tenant's Pro Rata Share of Operating Costs (but not Taxes and Insurance) shall be fully abated, or if only partially damaged such rent shall be abated proportionately as to that portion of the Premises rendered untenable, in either event (unless Landlord shall elect to terminate this Lease, as aforesaid) until 15 days after the Premises have been substantially repaired and restored or until Tenant's business operations are restored in the entire Premises, whichever shall occur sooner. Tenant shall continue the operation of Tenant's business in the Premises or any part thereof not so damaged during any such period to the extent reasonably practicable from the standpoint of prudent business management and, except for such abatement of the Fixed Rent and additional rent as hereinabove set forth, nothing herein contained shall be construed to abate Tenant's obligations for the payment of any other additional rents and charges reserved hereunder. If such damage or other casualty shall be

caused by the negligence of Tenant or of Tenant's subtenants, concessionaries, licensees, contractors or invitees or their respective agents or employees, there shall be no abatement of rent. Except for the abatement of the Fixed Rent and additional rent to the extent hereinabove set forth, Tenant shall not be entitled to and hereby waives all claims against Landlord for any compensation or damage for loss of use of the whole or any part of the Premises and/or for any inconvenience or annoyance occasioned by any such damage, destruction, repair or restoration.

10.8. Termination in Event of Taking. If all the Premises are taken by eminent domain this Lease shall terminate when Tenant is required to vacate the Premises. If by such a taking the floor area of the Premises is reduced by more than 20% percent thereof, or the number of parking spaces in the parking area is reduced to less than four (4) parking spaces per one thousand (1,000) square feet of rentable space in the Center, this Lease may at the option of either party be terminated, as of the date when Tenant is required to vacate the portion of the Premises so taken or the parking lot is reduced, by written notice given to the other not more than 60 days after the date on which the party desiring to terminate receives notice of the taking. If by such a taking the gross floor area of the building in which the Premises are situated is reduced by more than 10% percent, this Lease may at the option of Landlord be terminated, as of the date when the tenants or occupants of the portion of said building so taken are required to vacate the same, by giving written notice to Tenant not more than 60 days after the date on which Landlord receives notice of the taking.

10.9. Landlord Reserves Award. Landlord reserves all rights to awards, settlements or judgments for damages to the Premises and the leasehold hereby created now accrued or hereafter accruing (not including a separate award for Tenant's moving expenses or Tenant's trade fixtures, furniture, decorations, signs and contents), by reason of any authority; and by way of confirmation Tenant grants to Landlord all Tenant's right to such awards, settlements or judgments and agrees to execute and deliver such further instruments of assignment thereof as Landlord may from time to time request.

10.10. Abatement of Rent. In the event of any casualty or taking, a just portion of the Fixed Rent and Tenant's Pro Rata Share of Operating Costs (but not Tenant's Pro Rata Share of Taxes and Insurance) according to the nature and extent of the injury, shall be abated

until completion of repairs or rebuilding required to be made by Landlord under Section 10.6 or termination of this Lease, or in the case of casualty, which permanently reduces the area of the Premises, or if following a casualty the restored Premises are smaller in area than the original area of the Premises, a just proportion of the Fixed Rent and any additional rent due hereunder shall be abated for the remainder of the Lease Term.

ARTICLE XI

DEFAULTS

11.1.1. Default and Remedies. This Lease and the Term and estate hereby granted are subject inter alia to the limitation that whenever Tenant shall make an assignment for the benefit of creditors, or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition alleging an act of bankruptcy or insolvency is filed against Tenant, or whenever a petition shall be filed by or against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall seek or consent or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any subtrustee, receiver or liquidator of Tenant or of all or any substantial part of its properties, or whenever a permanent or temporary receiver of Tenant or of, or for, the property of Tenant shall be appointed, or if Tenant shall plead bankruptcy or insolvency as a defense in any action or proceeding, then, Landlord, (a) at any time after receipt of notice by Landlord of the occurrence of any such event, or (b) if such event occurs without the acquiescence of Tenant, at any time after the event continues for sixty (60) days, may give Tenant a notice of intention to end the Term at the expiration of 3 days from the service of such notice of intention, and upon the expiration of said 3 days the term and estate hereby granted, (unless Tenant has vacated the petition for bankruptcy or vacated the appointment of a receiver within the 30 day period) whether or not the Term shall theretofore have commenced, shall terminate with the same effect as if that day were the last day of the lease term hereof, but Tenant shall remain liable for damages as provided in this Lease.

11.1.2. Further Limitation. This Lease and the Term and estate hereby granted are subject to the further limitation that: (a) whenever Tenant shall default in the payment of any monthly installment of Fixed Rent, or in the payment of any other sums payable to Landlord under this Lease as additional rent, on any day upon which the same shall be due and payable (and such default shall continue for five (5) days after written notice to Tenant), or (b) whenever Tenant shall do or permit anything to be done, whether by action or inaction contrary to any of

Tenant's obligations hereunder, and if such situation shall continue and shall not be remedied by Tenant within 30 days after Landlord shall have given Tenant a notice specifying the same, or, in the case of a happening or default which cannot with due diligence be cured within a period of 30 days and the continuance of which for the period required for cure will not subject Landlord to the risk of criminal liability or termination of any superior lease or foreclosure of any superior mortgage, if Tenant shall not duly institute within such 30 day period and promptly and diligently prosecute to completion all steps necessary to remedy the same, or, (c) whenever any event shall occur or any contingency shall arise whereby this Lease or any interest therein or the estate hereby granted or any portion thereof or the unexpired balance of the Term hereof would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted in this Lease, or (d) whenever Tenant shall abandon the Premises, or a substantial portion of the Premises shall remain vacant and not open for business for the Permitted Use for a period of 180 consecutive days, unless such vacancy arises as a result of a casualty or is otherwise permitted under Section 8.1.2 above; then in any such event covered by subsections (a), (b), (c) or (d) of this Paragraph at any time thereafter, Landlord may give to Tenant a 3 day notice of intention to terminate this Lease, and upon the expiration of said 3 days this Lease and the Term and estate hereby granted, whether or not the Term shall theretofore have commenced, shall terminate (unless, if the default is other than one covered by clause (a) above, the default shall have been cured within such 3 day period); and such termination shall be with the same effect as if that day were the last day of the Lease Term hereof, but Tenant shall remain liable for damages as provided in Article XII of this Lease. During the pendency of any proceedings brought by Landlord to recover possession by reason of default, Tenant shall continue all money payments required to be made to Landlord, and Landlord may accept such payments for use and occupancy of the Premises; in such event Tenant waives its right in such proceeding to claim as a defense that the receipt of such money payments by Landlord constitutes a waiver by Landlord of such default.

11.1.3. Re-Entry by Landlord - Default Provisions. If this Lease shall terminate as a result of default by Tenant under this Lease, Landlord or Landlord's agents and employees may, without further notice, immediately or at any time thereafter, enter upon and re-enter the Premises, or any part thereof, and possess

or repossess itself thereof either by summary dispossession proceedings, ejectment or by any suitable action or proceeding at law or by agreement, or by force or otherwise, and may dispossess and remove Tenant and all other persons and property from the Premises without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any persons therefrom, to the end that Landlord may have, hold and enjoy the Premises and the right to receive all rental income again as and of its first estate and interest therein. The words "enter" or "re-enter", "possess" or "repossess" as herein used, are not restricted to their technical legal meaning. Tenant shall pay to Landlord the Fixed Rent and any additional rent due up to the time of such termination of this Lease or of such recovery of possession of the Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article XII.

11.1.4. Breach. In the event of any breach by Tenant of any of the agreements, terms, covenants or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

11.1.5. Cumulative Remedies. Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

11.1.6. Retention of Monies. If this Lease shall terminate under the provisions of this Article XI, or if Landlord shall re-enter the Premises under the provisions of this Article XI, or in the event of re-entry, by or under any summary dispossession or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as advance rent, security or otherwise, but such

monies shall be credited by Landlord against any Fixed Rent or additional rent due from Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable by Tenant under Section 12.1 pursuant to law.

11.1.7. Legal Costs . In the event of any suit, action, or proceeding at law or in equity, by Landlord against Tenant or Tenant against Landlord by reason of any matter or thing arising out of this Lease, the prevailing party shall recover, not only its legal costs, but also reasonable attorneys' fees (to be fixed by the Court) for the maintenance or defense of said action or suit, as the case may be.

In addition, if Tenant shall default, after any applicable cure period, in the payment of Fixed Rent or additional rent, and based thereon Landlord shall incur any legal expenses for court proceedings or disbursements, then Tenant shall, within 10 days of demand therefor, reimburse Landlord for all such expenses and disbursements.

11.1.8. Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to cure, at any time, following ten (10) days' prior written notice to Tenant, except in cases of emergency when no notice shall be required, any default by Tenant under this Lease to the extent Landlord reasonably would be able so to cure; and whenever Landlord so elects, the lower of the highest rate of interest or eighteen (18%) percent annually on any sums expended by Landlord, plus all costs and expenses expended or incurred by Landlord, including reasonable attorneys' fees, shall be paid by Tenant to Landlord on demand.

11.1.9. No Waiver of Default. No consent or waiver, express or implied, by Landlord to or of any breach of any covenant, condition or duty of Tenant shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

ARTICLE XII

DAMAGES

12.1. If this Lease is terminated under the provisions of Article XI, or if Landlord shall re-enter the Premises under the provisions of Article XI or of re-entry by summary dispossession proceedings, ejectment or by any action or proceeding at law, or by agreement, or by force or otherwise, by reason of default hereunder on the part of Tenant, Tenant shall pay to Landlord as damages, at the election of Landlord either:

(a) on demand, a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the excess of (1) the aggregate of the Fixed Rent and the additional rent payable hereunder which would have been payable by Tenant (conclusively presuming the additional rent to be the same as was payable for the year immediately preceding such termination) for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the expiration of the Term, had this Lease so not terminated or had Landlord not so re-entered the Premises over (2) the aggregate rental value (calculated as of the date of such termination or re-entry) of the Premises for the same period, or,

(b) sums equal to the Fixed Rent and the additional rent (as above presumed) payable hereunder which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Premises, payable monthly but otherwise upon the terms therefor specified herein following such termination or such re-entry and until the expiration of the Term, provided, however, that if Landlord shall relet the Premises or any portion or portions thereof during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Premises and in securing possession thereof, as well as the expenses of reletting, including altering and preparing the Premises or any portion or portions thereof for new tenants, brokers' commissions, advertising expenses, attorneys' fees, and all other expenses properly chargeable against the Premises and the rental therefrom; it being understood that any such

reletting may be for a period shorter or longer than the remaining Term of this Lease, but in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, nor shall Tenant be entitled in any suit for collection of damages pursuant to this Subsection to a credit in respect of any net rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the Premises or any part thereof should be relet in combination with other space, then proper apportionment shall be made of the rent received from such reletting and of the expenses of reletting.

Landlord shall use reasonable efforts to relet the Premises. Provided Landlord has used such reasonable efforts, Landlord shall in no event and in no way be responsible or liable for any failure to relet the Premises or any part thereof; nor shall Landlord be liable in any event for failure to collect any rent due upon any such reletting.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1. Notices from Tenant to Landlord. Any notice from Tenant to Landlord shall be deemed duly given to Landlord at the address hereinbelow set forth, either by (a) registered or certified mail, return receipt requested, postage prepaid, by depositing the same in an official U.S. Postal depository, in which event notice shall be deemed to have been given on the date of receipt of the notice unless the notice is rejected in the ordinary course of business, in which case the date of mailing shall be deemed the date of service or (b) delivery by reputable, established overnight carrier, in which event notice shall be deemed given on the business day on which delivery was made or, if rejected, attempted, addressed as follows: Elm Street Limited Partnership Associates, P.O. Box 3580, Stamford, Connecticut 06905 with a copy to Elm Street Limited Partnership, c/o Hoffman Bros., P.O. Box 1700, Bridgeport, Connecticut 06601, or such other addresses as Landlord may from time to time designate by written notice given to Tenant.

13.2. Notice from Landlord to Tenant. Any notice from Landlord to Tenant shall be deemed duly given if mailed or delivered to Tenant addressed as follows: Grade A. Market, Incorporated, 200 Shippan Avenue, Stamford, Connecticut in accordance with the provisions of Section 13.1 hereof or such other addresses as Tenant

may from time to time designate by written notice given to Landlord.

13.3. Brokerage. Landlord and Tenant represent that, in the negotiation of this Lease, they dealt with no broker or brokers. Each agrees to defend and indemnify the other and to hold the other harmless from any and all losses, costs, damages, expenses, claims and liabilities, including, without limitation, court costs and reasonable attorneys' fees and disbursements, arising out of any inaccuracy or alleged inaccuracy of their respective above representation.

13.4. Lease not to be Recorded. Tenant agrees that it will not record this Lease but both parties shall, upon the request of either, execute and deliver a notice or short form of this Lease in recordable form, as required by any applicable statutes. If this Lease is terminated before the Term expires, Landlord may file in the name of the Landlord and Tenant a notice of such termination to be recorded. Any such form shall not specify the Fixed Rent or additional rent and shall be in form satisfactory to Landlord.

13.5. Bind and Inure: Limitation of Landlord's Liability. The obligation of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Landlord and each successive holder of the Landlord's interest in the Center shall be liable only for obligations arising during the period of such ownership of such interest. Landlord and Landlord's partners (if the Landlord be a partnership, general or limited) shall not be personally liable to the Tenant for the performance of any of the covenants of the Landlord under this Lease; and in the event of any alleged claim by tenant against Landlord arising under this Lease (or the relationship of Landlord and Tenant hereunder or Tenant's use and occupancy of the Premises), Tenant agrees it will not seek to secure any such claim against Landlord by any attachment, garnishment or other security proceedings against property of Landlord other than the Center; and in the event Tenant obtains any judgment against Landlord by virtue of an alleged default by Landlord under this Lease (or such relationship or use and occupancy), Tenant agrees it will not look to any property of Landlord other than the Center, for satisfaction of such judgment, such exculpation of liability to be absolute and without any exception whatsoever.

13.6. Events Beyond Landlord's and Tenant's

Control. Landlord and Tenant shall not be responsible for any failure or delay in performance of their respective obligations under this Lease (other than Tenant's obligation to pay Rent and other charges due under this Lease) because of circumstances beyond its reasonable control, including, without limitation, acts of God, fires, floods, wars, civil disturbances, sabotage, accidents, labor disputes (whether or not the employees' demands are reasonable within the party's power to satisfy), governmental actions or inability to obtain labor, material, equipment or transportation, nor shall any such failure or delay give to Landlord or Tenant the right to terminate this Lease, or affect, impair or excuse the obligations of Tenant to pay rent hereunder, or to perform any other covenants, agreements, terms, provisions and conditions hereunder on the part of Tenant to be performed.

13.7. Status Certificate. Tenant agrees from time to time, upon not less than fifteen (15) days' prior written request by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect and that Tenant has no defenses, offsets or counterclaims against its obligation to pay Fixed Rent or additional rent; and to perform its other covenants under this Lease; or, if there have been any modifications, that the Lease is in full force and effect as modified, and stating the modifications and any defenses or offsets claimed by Tenant in reasonable detail. Any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or mortgagee of the Premises or the Center.

13.7.1. Subordination, Attornment, Notice to Lessor and Mortgagees. This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate in all respects to all present and future ground leases, overriding leases and underlying leases and/or grants of term of the land and/or the Building or the portion thereof in which the Premises are located in whole or in part now or hereafter existing ("superior leases") and to all mortgages and building loan agreements, which may now or hereafter affect the land and/or the Building and/or any of such leases ("superior mortgages") whether or not the superior leases or superior mortgages shall also cover other lands and/or buildings, to each and every advance made or hereafter to be made under the superior mortgages, and to all renewals, modifications, replacements and extensions of the superior leases and superior mortgages and spreaders, consolidations and correlations of the superior mortgages. This Section shall be self-operating

and no further instrument of subordination shall be required. In confirmation of such subordination and attornment mentioned below, Tenant shall promptly execute and deliver at its own cost and expense any instrument, in recordable form, if required, that Landlord, the lessor of any superior lease or the holder of any superior mortgage or any of their respective successors in interest may request to evidence such subordination and attornment mentioned below.

Tenant agrees without further instruments of attornment in each case, to attorn to the lessor under any superior lease, or the holder of any superior mortgage, as the case may be, to waive the provisions of any statute or rule or law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event a superior lease is terminated or a superior mortgage foreclosed, and that unless and until said lessor, or holder, as the case may be, shall elect to terminate this Lease, this Lease shall not be affected in any way whatsoever by any such proceeding or termination, and Tenant shall take no steps to terminate this Lease without giving written notice to said lessor under the superior lease, or holder of a superior mortgage, and a reasonable opportunity to cure (without such lessor or holder being obligated to cure), any default on the part of Landlord under this Lease.

Landlord shall use its due diligence to obtain from the holder of any superior mortgage an agreement, in such holder's standard and recordable form, that so long as Tenant complies with all of the terms and obligations on its part to be performed under this Lease, in the event such holder commences any proceeding to foreclose its mortgage, such holder shall not name Tenant in such proceeding (except to the extent technically necessary so to do) nor terminate this Lease. Landlord shall use due diligence to obtain such a non-disturbance agreement from any future holder of a superior mortgage and if Landlord is unable to obtain such agreements, Landlord shall notify Tenant prior to closing on its mortgage loan.

13.7.2. No assignment or sublease by Tenant of this Lease and no agreement to make or accept any surrender, termination or cancellation of this Lease and no agreement to modify so as to reduce the rent, change the Term, or otherwise change the rights of Landlord under this Lease, or to relieve Tenant of any obligations or liability under this Lease, shall be valid unless consented to by Landlord's mortgagees of record, if any, so requiring such

consent. No Fixed Rent, additional rent, or any other charge shall be paid more than ten (10) days prior to the due date thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a mortgagee) be a nullity as against such mortgagee and Tenant shall be liable for the amount of such payments to such mortgagee.

13.8. Fair Market Rent Determination. On or before June 1, 1999, Landlord shall notify Tenant of the amount which, in Landlord's reasonable opinion, represents the fair market Fixed Rent during each Lease Year or part thereof remaining during the Term. Within 10 days of such Landlord's notice, if Tenant disagrees, Tenant shall notify Landlord that Tenant so disagrees that the Fixed Rent therein provided constitutes the "Fair Market Rent", as hereinafter provided, and shall specify what Fixed Rent, in Tenant's opinion, constitutes the Fair Market Rent ("Tenant's Fixed Rent Notice"). In the event no Tenant's Fixed Rent Notice is timely given to Landlord as aforesaid, the Fixed Rent set forth in Landlord's said notice shall be deemed the Fair Market Rent. In the event Tenant's Fixed Rent Notice is timely given, the following procedure shall be used in determining Fair Market Rent (sometimes hereinafter called "Fair Market Rent Procedure"):

In the event the parties cannot agree upon the Fair Market Rent within 10 days of Tenant's Fixed Rent Notice, then at the request of either party to the other (called the "initial request"), the parties shall jointly choose a real estate appraiser (who shall have had at least ten (10) years experience as an appraiser of commercial properties in the Stamford, Connecticut area, and who shall not have been employed by either within the prior 24 months), whose decision shall be final and binding. If the parties do not agree upon such a third party and notify the other thereof within 7 days of such initial request, then within 7 additional days each party shall choose such a real estate appraiser (having similar credentials) and notify the other thereof, and the joint decision of such real estate appraisers regarding Fair Market Rent shall be final and binding, (or, failing such choice, or, if such choice is made, failing notice to the other within such 7 day period, the decision of one real estate appraiser timely chosen shall be final and binding). If the two real estate appraisers do not agree within 7 days of the end of the 7 day period mentioned in the immediately preceding sentence, then they shall choose a third such real estate appraiser (having similar credentials) within 10 business days, or if they do not agree upon a third, then either party may make a request of the Chairman of the Real Estate

not be deemed, in any way or for any purpose, to have become, by the execution of this Lease or any action taken thereunder, a partner of Tenant in its business or otherwise a joint venturer or a member of any enterprise with Tenant. The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Lease. The listing or naming on Exhibit A of any other tenant or the description thereof of any kind of business in the Center are not representations by Landlord that such named other tenant or business in or shall be an occupant of the Center and any and all such designations appearing upon the site plan shall not be considered part of this Lease. If there be more than one Tenant under this Lease, the obligations imposed by this Lease upon Tenant shall be joint and several.

13.13. Warranties. It is agreed that no warranties or representations, either express or implied in law or in fact, have been made by Landlord, except to the extent specifically set forth herein.

13.14. Submission not an Option. The submission of this Lease or a summary of some or all of its provisions for examination does not constitute a reservation of or option for the Premises, or an offer to lease, it being understood and agreed that this Lease shall not bind Landlord in any manner whatsoever until it has been approved and executed by Landlord and delivered to Tenant.

13.15. Waiver of Trial by Jury. The parties hereby shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or claim of injury or damage.

13.16. Exhibits. This Lease and the Exhibits attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

13.17. Pronouns. The use of the neuter

singular pronoun refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation, or a group of two or more individuals or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant to either corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

13.18. Captions. The captions, section numbers, article numbers and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

13.19. Holding Over. Any holding over after the expiration of the Term, (a) with the consent of Landlord, shall be construed to be a tenancy from month to month at the rent and additional rent herein specified and shall otherwise be on all of the terms and conditions set forth, or (b) without the consent of Landlord, shall (in addition to the provisions of Section 8.1.9 hereof), at the option of Landlord, be deemed to be occupying as a month to month tenant at a monthly rent equal to two (2) times the monthly Fixed Rent and additional rent payable during the average of the last six months of the Term, as renewed, if applicable.

13.20. Waivers. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Tenant is evicted or dispossessed for any cause, or in the event Landlord obtains possession of the Premises, by reason of the violation by Tenant of any of the covenants or conditions of this Lease, or otherwise.

13.21. Additional Rent. Any and all sums, amounts or payments payable by Tenant under this Lease, in addition to Fixed Rent, including, without limitation, Operating Costs, Real Estate Taxes and utilities, shall be deemed to constitute "additional rent" under this Lease, and Landlord reserves the same rights and remedies against Tenant for default in any such payments as Landlord shall have for default in the payment of Fixed Rent, including, without limitation, the right to seek and recover the same as "rent" under any applicable provisions of the United States Bankruptcy Act.

13.22. Survival of Covenants. Notwithstanding any contrary provision of this Lease, any and all covenants of Tenant, which in accordance with the terms of this Lease should have been but were not fully performed on the date of the expiration or termination of this Lease, shall survive such expiration or termination.

13.23. Intentionally Omitted.

13.24. Notice to Landlord re Default. Notwithstanding any contrary provision of this Lease, Tenant shall not under any circumstance (except in an emergency repair situation) commence any action or proceeding or take any action based upon an alleged breach or default of this Lease by or through Landlord unless and until (a) Tenant first shall have notified Landlord thereof, specifying in detail the facts of the alleged breach or default, and (b) Landlord shall not have cured, or used due diligence to cure, said alleged breach or default within 20 days after receipt of said notice.

13.25 Exclusive. Prior to leasing any space in the Center, as it now exists or is enlarged or altered any time in the future (or permitting the use or occupancy of any such space) for any of the following uses: pharmacy and/or drug store, supermarket and/or food store, convenience store and/or fast food store or any other use that would result in the sale of the same or similar products as occupying 50% or more of the floor area or consisting of 50% or more of the gross sales of Tenant and/or Tenant's permitted assignees and/or subtenants in the Premises, Landlord shall make a reasonable good faith effort to lease said space to a use other than the foregoing uses for a period of no less than 60 days following the expiration of the then existing lease for such space. Landlord shall notify Tenant that such space is being placed on the market at least 30 days before the expiration of the Lease Term. If Landlord is unable to lease the space within the 60-day period, Landlord shall notify Tenant of its inability to lease such space and Tenant shall have 20 days therefrom to lease the space at fair market rent for a term of at least 5 years. In the event Tenant elects to lease the space, the fair market rent shall be determined in the same manner specified in Section 13.8 above. In the event Tenant does not elect to lease the space, Landlord may enter into a lease for said space for any lawful retail use including without limitation a pharmacy and/or drug store, supermarket and/or food store, convenience store and/or fast food store or any other use that would result in the same or similar products as occupying 50% or more of the floor area or consisting of

50% or more of the gross sales of Tenant and/or Tenant's permitted assignees and/or subtenants in the Premises.

ARTICLE XIV

SECURITY DEPOSIT

14.1 Tenant has deposited with Landlord the Security Deposit as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease; it is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this Lease, including but not limited to, the payment of rent and additional rent, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease, including but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. Landlord agrees to fully use, apply or retain the Security Deposit, as provided above, before pursuing Landlord's remedies against the Guarantors. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Lease, the security shall be returned to Tenant within 30 days after the date fixed as the end of the Lease and after delivery of the entire possession of the Premises to Landlord. In the event of a sale of the land and building or leasing of the building, of which the Premises form a part, Landlord shall notify Tenant of the identify of the new Landlord, and Landlord shall have the right to transfer the security to the vendee or lessee and upon receipt of said security deposit by the new Landlord and Landlord shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Landlord solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security of a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such statement, encumbrance, attempted assignment or attempted encumbrance.

1.42 In the event Tenant deposits a letter of credit

as its security deposit pursuant to Section 1.10 hereof, the following shall be applicable.

(a) Tenant shall deliver to Landlord a like kind letter of credit of equal amount, issued by a Connecticut bank satisfactory to Landlord, at least thirty (30) days prior to the expiration date of such letter of credit.

(b) In the event (i) the issuing bank is taken over by the Resolution Trust Corporation, Federal Deposit Insurance Corporation, or any other federal or state regulatory authority, becomes insolvent, or (ii) Landlord gives Tenant notice that the issuing bank is no longer reasonably satisfactory to Landlord because of the bank's financial condition then Tenant shall deliver to Landlord within 30 days of the occurrence of any of the events specified in (i) or (ii) above, a like kind letter of credit of equal amount issued by a Connecticut bank reasonably satisfactory to Landlord or cash in the amount of the security deposit, in which event Landlord shall deposit the security deposit in an interest bearing account and interest shall accrue thereon at the "passbook" rate for the benefit of Tenant.

ARTICLE XV

RENT PAYMENTS

15.1. In the event that Landlord's interest in this Lease shall pass to or devolve upon another, or in the event that the rent accrued or to accrue hereunder shall be assigned, or in the event that one, other than Landlord, shall become entitled to collect the rent accrued or to accrue hereunder, then, and in such event, notice of the fact shall be given to Tenant by Landlord in writing, or, if Landlord is an individual and shall have died or become incapacitated, by Landlord's executor, administrator, or legal representative, accompanied by due proof of the appointment and capacity of such executor, administrator, or legal representative, and until such notice and proof shall be given to Tenant, Tenant may continue to pay the rent accrued or to accrue hereunder to the one to whom, and in the manner in which, the last preceding installment of rent hereunder was paid, and each such payment shall, to the extent thereof, fully exonerate and discharge the Tenant. Tenant shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until written notice of the appointment and the extent of the authority of such agent shall be given to Tenant by the one appointing such agent.

ARTICLE XVI

LANDLORD'S TITLE

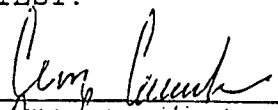
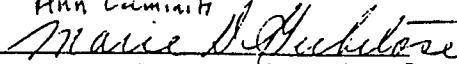
16.1. Landlord covenants that Landlord has good and marketable title to the Premises and to the Center in fee simple absolute, and that there are no liens or encumbrances, or restrictive covenants, or exclusive use provisions in other tenants' leases or other agreements, which would prevent Tenant from occupying the Premises for the purposes herein provided, or prevent the full use of the parking areas, as herein set forth.

IN WITNESS WHEREOF, the parties have executed this Lease in three or more counterparts and under seal on the day and year first above written.

Landlord:

ELM STREET LIMITED PARTNERSHIP

ATTEST:

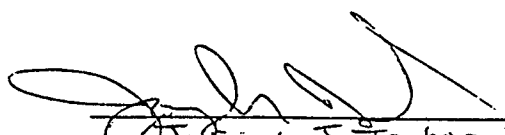
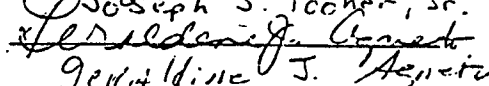

Ann Cuminiti

MARIE D. GUBITOSE

By: 

Its: General Partner

Tenant:

GRADE A. MARKET, INCORPORATED


Joseph S. Tocher, Jr.

Geraldine J. Agneta

By: 

Its: President

Corporate
Seal

STATE OF Connecticut)
COUNTY OF Fairfield) ss.: Stamford

On the 6th day of MARCH 1991, before me personally appeared Rocco S. Cingari, to me known and known to me to be the President of GRADE A. MARKET, INCORPORATED, a corporation, and known to me to be the person described in and who executed the foregoing instrument in the name of said corporation, and he duly acknowledged the foregoing to be his free act and deed and the free act and deed of said corporation.


~~Notary Public~~

Joseph J. Toohar, Jr.

A Commissioner of the Superior Court

EXHIBIT A

Plan - Demised Premises and Center

LS/MARK/REISS

030791

EXHIBIT B

Tenant's Plans

LS/MARK/REISS

030791

EXHIBIT C

Intentionally Omitted

LS/MARK/REISS

030791

EXHIBIT D

Intentionally Omitted

LS/MARK/REISS

030791

EXHIBIT E

GUARANTY

A. The undersigned Rocco Cingari, residing at _____, and Salvator Cingari, Jr., residing at _____ (as joint and several obligors) in consideration of the execution and delivery, by Elm Street Limited Partnership, a limited Connecticut partnership organized under the laws of the State of Connecticut as landlord ("Landlord"), of the within lease ("Lease") to Grade A. Market, Incorporated as tenant ("Tenant") and in order to induce Landlord to execute and deliver the Lease to Tenant, and in further consideration of the sum of TEN (\$10.00) DOLLARS and other good and valuable consideration, to it in hand paid by the Landlord, the receipt whereof is hereby acknowledged, DOES HEREBY ABSOLUTELY GUARANTEE to the Landlord, its successors and assigns, the full and prompt performance by Tenant of all the obligations of Tenant under the Lease, including, without limitation, the payment by Tenant of all Fixed Rent and additional rent reserved under, and as defined in, the Lease, and any arrears thereof, and any other sum or sums required to be paid by Tenant under any of the terms of the Lease that may be or become due or payable to Landlord, its successors and assigns, and the payment by Tenant of any and all damages that may arise in consequence of the non-performance by Tenant of any of the covenants or agreements required to be performed by Tenant pursuant to the Lease. Notwithstanding the foregoing, the aggregate amount of the obligations guaranteed shall not exceed an amount equal to and calculated as follows: one year's fixed rent and one year's additional rent reserved under the Lease less any amount collected from the security deposit in accordance with Paragraphs 1.10 and 14.1 of the Lease, e.g. if the Tenant should default under the terms of the Lease and the Landlord should terminate the Lease on June 30, 1994, the Guarantors hereunder would be liable only up to \$132,504.00 (one half of the rent for the period commencing January 1, 1994 and ending December 31, 1994) plus \$140,785.50 (one half of the rent for the period commencing January 1, 1995 and ending December 31, 1995) less the amount collected pursuant to Paragraphs 1.10 and 14.1 of the Lease plus the appropriate additional rent.

B. The undersigned waives all requirements of notice of the acceptance of this Guaranty. This Guaranty shall be a continuing guaranty.

C. This Guaranty shall not be discharged, impaired, or in any way affected, nor shall the undersigned be released from liability hereunder because, or on account of, any waiver, modification, alteration, amendment, or extension,

at any time and from time to time, of any of the terms or provisions of the Lease, or by reason of any other act or thing which but for this provision of this Guaranty might be deemed a legal or equitable discharge of a surety, or by reason of the failure of Landlord, its successors or assigns, to proceed promptly or otherwise; and the undersigned hereby expressly waives and surrenders any defense to its liability hereunder based upon any of the foregoing waivers, modifications, alterations, amendments, extensions, or delays, or any of them.

D. It is specifically agreed that Landlord, its successors and assigns, may proceed under this Guaranty without being required to give to the undersigned notice of any default on the part of Tenant under the Lease and without being required to institute any proceedings against Tenant.

E. The obligations herein of the undersigned are independent of, and may exceed, the obligations of Tenant. The undersigned waives any right to require Landlord to pursue any other remedy in Landlord's power whatsoever, other than the right to require Landlord to first apply or retain (or attempt to apply or retain) the Security Deposit under the Lease.

F. For the purpose of this Guaranty and the obligations and liabilities of the undersigned herein, the term "Tenant" shall be deemed to include any and all licensees, assignees, subtenants, permittees or others directly or indirectly operating or conducting business in or from the Demised Premises, as fully as if any of the same were the named Tenant under the Lease.

G. The undersigned's obligations herein shall remain fully binding although Landlord may have released, returned or misapplied other collateral at any time given as security for Tenant's obligations (including other guarantees) and/or released Tenant from the performance of its obligations under the Lease.

H. This Guaranty shall remain in full force and effect notwithstanding the institution by or against Tenant of bankruptcy, reorganization, readjustment, receivership or insolvency proceedings of any nature, or the disaffirmance of the Lease in any such proceedings or otherwise.

I. If this Guaranty is signed by more than one party, their obligations shall be joint and several, and the release of any one of such guarantors shall not release any other of such guarantors.

J. Landlord may, with notice, assign this Guaranty in whole or in part.

K. In the event that Landlord should institute any suit against the undersigned for violation of or to enforce any of the covenants or conditions of this Guaranty or to enforce any right of Landlord hereunder and Landlord shall be the prevailing party, the undersigned shall reimburse Landlord for its attorneys' fees, disbursements and court costs incurred by Landlord thereby.

L. The execution of this Guaranty prior to execution of the Lease shall not invalidate this Guaranty or lessen the obligations of the guarantor(s) hereunder.

This Guaranty shall inure to the benefit of Landlord, its successors and assigns, and shall bind the undersigned and its successors and assigns.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal as of the day of , 1991.

ATTEST:

GUARANTORS

Rocco Cingari

Salvator Cingari, Jr.

FOR INDIVIDUAL GUARANTOR:

STATE OF)
) ss:
COUNTY OF)

On this day of , 19 , before
me personally appeared Rocco Cingari to me known and known
to me to be the individual(s) described in and who executed
the foregoing instrument, and (s)he (they) duly
acknowledged that (s)he (they) executed the same as (her)
his (their) free act and deed.

Notary Public

FOR INDIVIDUAL GUARANTOR:

STATE OF)
) ss:
COUNTY OF)

On this day of , 19 , before
me personally appeared Salvator Cingari, Jr. to me known
and known to me to be the individual(s) described in and
who executed the foregoing instrument, and (s)he (they)
duly acknowledged that (s)he (they) executed the same as
(her) his (their) free act and deed.

Notary Public

GUARANTY/REISS

EXHIBIT B

ALL THOSE two certain pieces, parcels or tracts of land, together with the buildings and improvements thereon, situated in the City of Stamford, County of Fairfield and State of Connecticut, described as follows:

FIRST TRACT

Said tract is known and designated as Lot No. 49 as shown and delineated on a certain map entitled, "Map Showing Property of Arthur G. Jessup, Shippan Avenue and Elm Street, Stamford, Conn.," which map is on file in the office of the Town Clerk of said Stamford as the map number 597, reference thereto being hereby had.

SECOND TRACT

Said tract is shown and delineated on a certain map entitled, "Map Showing Consolidation of Properties of Elm Street Ltd Partnership, Stamford, Connecticut," which map is on file in the office of the Town Clerk of said Stamford as the map number 11985, reference thereto being hereby had.

Together with an easement of way, in common with others, for the purposes of ingress and egress over and across a strip of land five feet in width and designated as "5.00 foot easement" located along a portion of the westerly boundary of Plot A on map number 6839 on file in the office of the Town Clerk of said Stamford.

Together with the benefits of a certain easement of record set forth in a certain grant from Fred Bova recorded in Book 963 at page 248 of the Stamford Land Records.

A large, stylized handwritten signature in black ink, located in the bottom right corner of the page. The signature appears to be a combination of initials and a full name, written in a cursive style.

EXHIBIT E

GUARANTY

- A. The undersigned Rocco Cingari, residing at _____, and Salvator Cingari, Jr., residing at _____, (as joint and several obligors) in consideration of the execution and delivery, by Elm Street Limited Partnership, a limited Connecticut partnership organized under the laws of the State of Connecticut as landlord ("Landlord"), of the within lease ("Lease") to Grade A. Market, Incorporated as tenant ("Tenant") and in order to induce Landlord to execute and deliver the Lease to Tenant, and in further consideration of the sum of TEN (\$10.00) DOLLARS and other good and valuable consideration, to it in hand paid by the Landlord, the receipt whereof is hereby acknowledged, DOES HEREBY ABSOLUTELY GUARANTEE to the Landlord, its successors and assigns, the full and prompt performance by Tenant of all the obligations of Tenant under the Lease, including, without limitation, the payment by Tenant of all Fixed Rent and additional rent reserved under, and as defined in, the Lease, and any arrears thereof, and any other sum or sums required to be paid by Tenant under any of the terms of the Lease that may be or become due or payable to Landlord, its successors and assigns, and the payment by Tenant of any and all damages that may arise in consequence of the non-performance by Tenant of any of the covenants or agreements required to be performed by Tenant pursuant to the Lease. Notwithstanding the foregoing, the aggregate amount of the obligations guaranteed shall not exceed an amount equal to and calculated as follows: one year's fixed rent and one year's additional rent reserved under the Lease less any amount collected from the security deposit in accordance with Paragraphs 1.10 and 14.1 of the Lease, e.g. if the Tenant should default under the terms of the Lease and the Landlord should terminate the Lease on June 30, 1994, the Guarantors hereunder would be liable only up to \$132,504.00 (one half of the rent for the period commencing January 1, 1994 and ending December 31, 1994) plus \$140,785.50 (one half of the rent for the period commencing January 1, 1995 and ending December 31, 1995) less the amount collected pursuant to Paragraphs 1.10 and 14.1 of the Lease plus the appropriate additional rent.
- B. The undersigned waives all requirements of notice of the acceptance of this Guaranty. This Guaranty shall be a continuing guaranty.
- C. This Guaranty shall not be discharged, impaired, or in any way affected, nor shall the undersigned be released from liability hereunder because, or on account of, any waiver, modification, alteration, amendment, or extension,

at any time and from time to time, of any of the terms or provisions of the Lease, or by reason of any other act or thing which but for this provision of this Guaranty might be deemed a legal or equitable discharge of a surety, or by reason of the failure of Landlord, its successors or assigns, to proceed promptly or otherwise; and the undersigned hereby expressly waives and surrenders any defense to its liability hereunder based upon any of the foregoing waivers, modifications, alterations, amendments, extensions, or delays, or any of them.

D. It is specifically agreed that Landlord, its successors and assigns, may proceed under this Guaranty without being required to give to the undersigned notice of any default on the part of Tenant under the Lease and without being required to institute any proceedings against Tenant.

E. The obligations herein of the undersigned are independent of, and may exceed, the obligations of Tenant. The undersigned waives any right to require Landlord to pursue any other remedy in Landlord's power whatsoever, other than the right to require Landlord to first apply or retain (or attempt to apply or retain) the Security Deposit under the Lease.

F. For the purpose of this Guaranty and the obligations and liabilities of the undersigned herein, the term "Tenant" shall be deemed to include any and all licensees, assignees, subtenants, permittees or others directly or indirectly operating or conducting business in or from the Demised Premises, as fully as if any of the same were the named Tenant under the Lease.

G. The undersigned's obligations herein shall remain fully binding although Landlord may have released, returned or misapplied other collateral at any time given as security for Tenant's obligations (including other guarantees) and/or released Tenant from the performance of its obligations under the Lease.

H. This Guaranty shall remain in full force and effect notwithstanding the institution by or against Tenant of bankruptcy, reorganization, readjustment, receivership or insolvency proceedings of any nature, or the disaffirmance of the Lease in any such proceedings or otherwise.

I. If this Guaranty is signed by more than one party, their obligations shall be joint and several, and the release of any one of such guarantors shall not release any other of such guarantors.

J. Landlord may, with notice, assign this Guaranty in whole or in part.

K. In the event that Landlord should institute any suit against the undersigned for violation of or to enforce any of the covenants or conditions of this Guaranty or to enforce any right of Landlord hereunder and Landlord shall be the prevailing party, the undersigned shall reimburse Landlord for its attorneys' fees, disbursements and court costs incurred by Landlord thereby.

L. The execution of this Guaranty prior to execution of the Lease shall not invalidate this Guaranty or lessen the obligations of the guarantor(s) hereunder.

This Guaranty shall inure to the benefit of Landlord, its successors and assigns, and shall bind the undersigned and its successors and assigns.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal as of the day of , 1991.

ATTEST:

GUARANTORS

Rocco Cingari

Salvator Cingari, Jr.

FOR INDIVIDUAL GUARANTOR:

STATE OF)
COUNTY OF) ss:
)

On this day of , 19 , before
me personally appeared Rocco Cingari to me known and known
to me to be the individual(s) described in and who executed
the foregoing instrument, and (s)he (they) duly
acknowledged that (s)he (they) executed the same as (her)
his (their) free act and deed.

Notary Public

FOR INDIVIDUAL GUARANTOR:

STATE OF)
COUNTY OF) ss:
)

On this day of , 19 , before
me personally appeared Salvator Cingari, Jr. to me known
and known to me to be the individual(s) described in and
who executed the foregoing instrument, and (s)he (they)
duly acknowledged that (s)he (they) executed the same as
(her) his (their) free act and deed.

Notary Public

GUARANTY/REISS

EXHIBIT C

LETTER OF INTENT

This letter, when executed by the undersigned, Stamford Health System, Inc. ("SHS") and St. Vincent's Health Services Corporation ("SVHS"), shall represent a binding Letter of Intent between SHS and SVHS with respect to the reconfiguration of services at St. Joseph Medical Center ("SJMC") and its ownership, governance and control [REDACTED]

[REDACTED] The parties recognize that additional legal agreements will be necessary to implement the transactions contemplated by this letter and that its implementation is subject to receiving all necessary regulatory approvals, including specifically the approval of the Connecticut Office of Health Care Access ("OHCA"), and the parties agree in good faith to diligently work towards obtaining such approvals and entering into all necessary legal agreements to carry out the terms of this Letter of Intent. (all references in this document to SVHS are to either SHS or its designee at its direction)

1. Background Regarding SJMC

SHS and SVHS jointly own and control SJMC. SHS and SVHS entered into a Hospital Operating Agreement dated as of January 7, 1997 (the "Operating Agreement") for the purpose of providing for the ongoing operation of SJMC and its integration into the Stamford Health System while continuing SJMC's Catholic health mission in Stamford, Connecticut.

The Operating Agreement also provides that SVHS has an option (the "Maintenance Option") to acquire a 51% interest in SJMC's earnings and losses effective on January 7, 2002, which Maintenance Option shall expire unless exercised by SVHS prior to July 7, 2001. If SVHS elects not to exercise its Maintenance Option, SHS must pay to SVHS on or before January 7, 2002 an amount specified in Section 3.3 of the Operating Agreement (the "Buy-Out Price") and SVHS must terminate its interest in the ownership, control and management of SJMC.

In accordance with the Operating Agreement, the parties have engaged in a planning process to determine the optimal reconfiguration of SJMC which can best serve the needs of the community. This planning process has now been concluded, and this Letter reflects the parties' agreement with respect to the reconfiguration of services provided under the SJMC license and the future ownership, governance and control of the existing SJMC campus. To the extent any of the terms herein conflict with the Operating Agreement, this Letter of Intent shall govern. This Agreement, and the Operating Agreement represent the parties entire agreement with respect to the ownership, governance and operation of SJMC and replaces all other agreements and side letters among the parties upon the closing.

2. Reconfiguration of Services at SJMC Campus

With respect to the reconfiguration of services at the SJMC campus on Strawberry Hill Road, the parties have agreed to the following:

- A. Upon receipt of the necessary regulatory approvals, SHS will commence construction of a state-of-the-art ambulatory medical facility on the SJMC campus (the "Strawberry Hill Facility") to provide the following services, as defined in the CON, which will be owned and operated by SHS:
- (i) a 6 OR outpatient surgical suite and a separate day medicine area to accommodate all other outpatient medical and diagnostic day treatment/recovery services including endoscopy, infusion therapies, wound care, outpatient cardiac catheterization preparation and recovery, diagnostic imaging services including MRI, laboratory services, etc.;
 - (ii) a Family Medicine Clinic which will offer primary health care services to the community especially targeted to persons who lack health insurance or otherwise have limited means to pay;
 - (iii) outpatient and day hospital psychiatric services;
 - (iv) a wellness and lifestyle change center;
 - (v) an urogicare walk-in center;
 - (vi) medical offices
- B. During the implementation phase of this reconfiguration, SHS agrees that it will continue to give due regard to the interests and welfare of the employees who currently work at SJMC and attempt to minimize any employee layoffs which may be necessary as a result of the reconfiguration of SJMC and transfer of certain services to The Stamford Hospital campus.
- C. SHS agrees to maintain a meditation room at the Strawberry Hill Facility. Further, it agrees to continue to fund the salary of a Catholic chaplain within the Stamford Health System.
- D. SHS agrees that no abortions will be performed at the Strawberry Hill Facility.
3. Transfer of SJMC Assets; Future Ownership and Control
- Upon the commencement of construction of the new Strawberry Hill Facility and receipt of all required regulatory approvals to implement the transactions contemplated herein (the "Closing Date" which is expected to occur before the end of 1998; Closing date is defined as receipt of state approval for the CON and the signing of construction documents), the following events will occur:
- A. SJMC will transfer to SHS all of the land and improvements located at its Strawberry Hill Road campus and all other assets, tangible and intangible, owned by it (including the

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right to receive funds from estates and trusts, now or in the future), including its medical/surgical beds, except that SJMC will retain its license in order to provide the services described in Section 4 of this Letter of Intent subject to a deed restriction implementing paragraph 2D hereof. SHS shall pay to SJMC the Buy-Out Price referred to in Section 3.3 of the Operating Agreement. In addition, SHS shall assume all of the assets, liabilities and obligations of SJMC as of the Closing Date except the right to use the license for the 15 inpatient rehabilitation beds which will be retained by SJMC.

- B. SHS will terminate its existing interest in the ownership and control of SJMC as of the Closing Date, including without limitation transferring its membership interest in SJMC to SVHS and causing its representatives on SJMC's Board of Directors to resign. From and after the effective date of the termination of SHS's interest in SJMC, SHS will not use the name "St. Joseph" in connection with any of its activities, including any activities or services provided at the Strawberry Hill Facility. SJMC will thereafter operate as a separate entity owned and controlled by SVHS under the sponsorship of the Daughters of Charity of St. Vincent DePaul.
 - C. SJMC will transfer the license for 15 of its 30 rehabilitation beds to SHS, upon receipt of OHCA's approval of the division of such beds between SHS and SVHS.
 - D. Except as stated in Section 4 below, no healthcare activities will be conducted in name or legal form of SJMC in the greater Stamford area.
4. With respect to the continuation of the SJMC Catholic health mission, services to be provided by SJMC include:
- A. Family Life Center. SJMC will develop a Family Life Center in Stamford to be known as the "St. Joseph Family Life Center" which will provide non-medical/community and spiritual services in conjunction and cooperation with Catholic Charities and other Catholic and social services and the Community Needs Council. Such services may include a parish nurse program, spiritual health, pastoral care counseling, workfare program and youth program.

The St. Joseph Family Life Center will be located in a building of 10,000-15,000 square feet (unless the parties mutually agree otherwise) at a site off of the Strawberry Hill campus to be determined by SVHS. SHS will build and/or fit-up the space and lease it to SJMC on a long-term lease, renewable in five year increments by SJMC, at a fair market value rental mutually agreed by the parties.

- B. Rehabilitation Beds. SJMC will continue to hold the license for 30 rehabilitation beds until the Closing Date. At Closing, upon approval from OHCA, the license for 15 of the 30 rehabilitation beds will be transferred to The Stamford Hospital and 15 of the beds will be transferred to St. Vincent's Medical Center. Both SHS and SVHS will work diligently to support the relocation of 15 of the 30 rehabilitation beds to St. Vincent's

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Medical Center's campus, and non-approval of the transfer by OHCA or HCFA will be dealt with by the parties in a mutually agreed manner on or before the Closing.

C. Behavioral Health Services. SVHS will exercise its option to acquire ownership and control of The Hall-Brooke Foundation which will continue to provide comprehensive behavioral health services in Westport, Connecticut under the auspices of SJMC at such time as SJMC becomes a subsidiary of SVHS. As soon as SVHS and/or SJMC acquires control of Hall-Brooke Foundation, Inc. and the Hall-Brooke facility in Westport has been renovated or a new facility constructed on its campus, SHS will close its inpatient psychiatric unit (including its exempt unit) at The Stamford Hospital and agrees that it will use Hall-Brooke Foundation as its designated provider of inpatient psychiatric services. SHS will work with SJMC and SVHS to develop linkages between The Stamford Hospital and Hall-Brooke Foundation, including transfer and transportation of patients, reciprocal Medical Staff privileges, etc. It is also recognized that Stamford Hospital will retain a sufficient number of psychiatric beds necessary for crisis intervention, substance abuse detoxification and for psychiatric patients requiring acute medical intervention. The specific number of such beds will be mutually determined by SHS and SVHS in consultation with Argus Arista or their mutually agreed upon successors. Contract language will be developed regarding criteria for admission of patients to the SHS campus and for the acceptance at the Hall-Brooke facility of patients from the SHS campus.

5. Network Affiliations

SVHS and SHS will commit to explore systems and clinical opportunities to further the development of a regional approach to providing rehabilitation and psychiatric services.

SHS agrees to continue to support the participation and acceptance of St. Vincent's Health Services and its affiliates into a New York and Presbyterian Hospital Care Network and to cooperate with joint clinical and System endeavors in this regard.

6. Cooperation; Confidentiality

Upon execution of this Letter of Intent, the parties will diligently cooperate to obtain the necessary regulatory approvals required to carry out all of the transactions contemplated herein, including without limitation filing a joint Certificate of Need application with OHCA regarding the reconfiguration of services on the SJMC campus and the regionalization of inpatient rehabilitation and behavioral health. Each of the parties and their legal counsel will coordinate the preparation of all necessary legal documentation to implement terms of this Letter of Intent.

Each of parties and their respective affiliates will hold in strict confidence the terms of this Letter of Intent except to the extent certain of the terms herein are required to be disclosed by law or in a Certificate of Need application and except for disclosures to auditors, legal counsel and other professional advisors and to employees of the parties on a need to know basis.

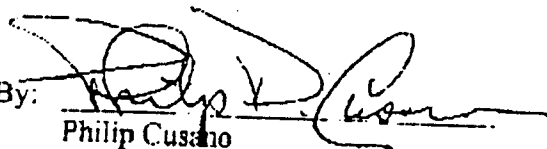
This Agreement shall be binding and effective upon approval by the parties' respective Governing Boards.

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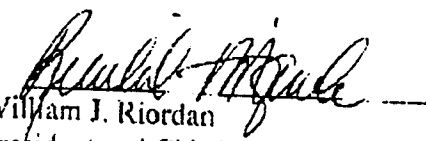
Without exception, neither party will make any public statements concerning the reconfiguration of SJMC without the other party's express consent and the parties agree that all public statements shall emphasize that one of major goals of the reconfiguration of SJMC is the continuation in Stamford of a health care mission in the Catholic tradition of St. Joseph.

IN WITNESS WHEREOF, the parties have executed this Letter of Intent as of the ____ day of January, 1998.

STAMFORD HEALTH SYSTEM, INC.

By: 
Philip Cusano
President and Chief Executive Officer

ST. VINCENT'S HEALTH SERVICES
CORPORATION

By: 
William J. Riordan
President and Chief Executive Officer

shu/s/reconh.lci

01/27/98

MODIFICATION TO LETTER OF INTENT

Reference is hereby made to that certain Letter of Intent between Stamford Health System, Inc. ("SHS") and St. Vincent's Health Services Corporation ("SVHS") dated as of January 27, 1998 (the "LOI") pertaining to the reconfiguration of services at St. Joseph Medical Center. All capitalized terms used herein shall have the meaning given to them in the LOI unless otherwise defined herein.

SVHS and SHS desire to modify certain terms of the LOI to reflect new developments and understandings between the parties and to better serve the healthcare needs of the Stamford community as well as those of the Fairfield County region. Therefore, SHS and SVHS agree that the LOI is hereby modified as follows:

1. Section 4.A. of the LOI is modified in its entirety to read as follows:

- A. Family Life Center. SJMC will develop a Family Life Center in Stamford to be known as the "St. Joseph Family Life Center" and explore other ways to serve the needs of the underserved in the community consistent with the Catholic mission of SJMC. SHS acknowledges and supports the development of the St. Joseph Family Life Center to potentially include the establishment of a dental clinic and medical clinic and the transfer of the existing St. Joseph Parish Nurse Program, as well as non-medical community and spiritual services to be offered to the Stamford community. Such non-medical services may include, but are not limited to, spiritual health services, pastoral care counseling, workfare programs and youth programs. The medical and dental services, if provided at the St. Joseph Family Life Center, will be targeted at the poor and underserved population living in the Stamford community. Outreach efforts and community awareness campaigns conducted by the St. Joseph Family Life Center will be aimed at reaching this underserved population. In pursuing this mission, the St. Joseph Family Life Center will collaborate and coordinate with other existing providers including the Stamford Community Health Center and the SHS clinics to ensure comprehensive access and continuity of care for medically underserved members of the greater Stamford community.

2. Recognizing that SJMC has performed an important role in serving the poor and underserved, a mission to which SHS, SJMC and SVHS are firmly committed, SHS will, at the time of closing, provide a grant in the amount of Three Million Dollars (\$3,000,000) to support the perpetuation of this mission. The grant will be deposited into a dedicated fund controlled by SVHS (the "Fund"). The use of such Fund shall be at the discretion of SVHS.

3. SHS shall provide to SVHS rent free use and control of the premises located at 587 Elm Street, Stamford, Connecticut, 06902 (the "Cove Facility") for occupancy by the St. Joseph Family Life Center for the remainder of the lease term, which expires on November 29, 2005. SHS shall be solely responsible for all rent payments under the Cove Facility Lease. In the event the Family Life Center no longer needs all or part of the Cove Facility, SVHS may sublet the unused space.

4. Section 4.B. of the LOI is modified in its entirety to read as follows:

B. Rehabilitation Beds. SJMC will continue to hold the license for 30 rehabilitation beds until the Closing Date. At the Closing, upon approval from the Office of Health Care Access ("OHCA"), 12 of the 30 rehabilitation beds will be transferred to SHS to be operated under The Stamford Hospital license. The remaining 18 rehabilitation beds will be relocated to the St. Vincent's Medical Center campus but will continue to be operated under the SJMC license. Both SHS and SVHS will work diligently to support the relocation of the 18 rehabilitation beds to the SVMC campus, and non-approval of the transfer by any applicable governmental authority will be dealt with by the parties in a mutually agreed manner on or before the Closing.

5. Section 4.C. of the LOI regarding Behavioral Health Services is hereby deleted in its entirety.


6 It is the parties' intent that the ownership and governance of Connecticut Health Enterprise, L.L.C. ("CHE") be restructured so that SHS and SVHS or their affiliates will share equally in its equity ownership. It is also the parties' intent that this restructured CHE will acquire the entire membership interest in Total Behavioral Health, L.L.C., a Connecticut limited liability company ("TBH") which functions as a managed care contracting organization for behavioral health services providers.

Except as modified herein, the LOI and all of the terms and conditions contained therein shall remain in full force and effect. The parties specifically restate and ratify their agreement that the terms of this Letter of Intent shall be held strictly confidential and shall not be disclosed except as required by law or in a Certificate of Need application and except for disclosures to auditors, legal counsel and other professional advisors and to employees of the parties on a need to know basis who shall be bound by the confidentiality obligations of this Letter of Intent.

This Modification is subject to approval by the Board of Directors of SHS. Philip Cusano, President and Chief Executive Officer of SHS by executing this Modification on behalf of SHS hereby undertakes to present this Modification for approval by the Board of Directors of SHS at a meeting to be held no later than August 3, 1998. If the SHS Board does not approve this Modification at such meeting, SHS acknowledges that SVHS will not be bound by the terms of the LOI and SVHS will withdraw its support and participation in the Saint Joseph Reconfiguration Certificate of Need application currently pending before OHCA.

IN WITNESS WHEREOF, this Modification has been executed as of the 21st day of July, 1998.

STAMFORD HEALTH SYSTEM, INC.

By: 
Philip D. Cusano
Its President and Chief Executive Officer

ST. VINCENT'S HEALTH SERVICES
CORPORATION

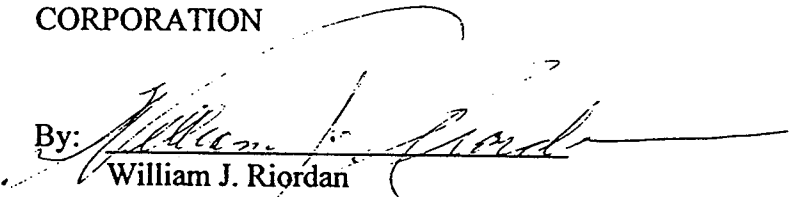
By: 
William J. Riordan
Its President and Chief Executive Officer

EXHIBIT D

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
ST. JOSEPH'S FAMILY LIFE CENTER, LLC

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LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF ST. JOSEPH'S FAMILY LIFE CENTER, LLC

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT of St. Joseph's Family Life Center, LLC (the "Agreement") is made and entered into as of the 1st day of December, 2000, by Dr. Michael H. Summerer (being hereinafter called the "Member"), a physician licensed in the State of Connecticut, and such other persons who may from time to time be admitted to the Company as Members, and St. Vincent's Medical Center (the "Medical Center") as appointee of the Manager and Governing Board (both defined below).

RECITALS

WHEREAS, an organizer has formed a limited liability company pursuant to the provisions of the Connecticut Limited Liability Company Act, under the name of "St. Joseph's Family Life Center, LLC" (the "Company") by filing for record Articles of Organization with the Connecticut Secretary of the State on November 8, 2000; and

WHEREAS, the Member desires that the Medical Center oversee management of the Company by appointing the Manager of the Company and electing the members of the Governing Board of the Company;

WHEREAS, the Member is the Vice President of Medical Affairs of the Medical Center and part of his employment responsibilities include becoming the sole Member of the Company;

WHEREAS, the Member has agreed to the imposition of certain restrictions on the transfer, pledge or assignment of his Membership Interest in the Company as set forth in this Agreement;

WHEREAS, the parties hereto desire to enter into this Agreement for the purpose of setting forth the rights and obligations of the Member and providing for the terms and conditions of the management of the Company by the Manager, and the governance of the Company by the Governing Board.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE ONE
CERTAIN DEFINITIONS

1.1 Definitions. As used herein, the following terms shall have the respective meanings set forth below:

Act – the Connecticut Limited Liability Company Act and any successor statute, as amended from time to time.

Affiliate – with respect to (a) any person who is a natural person, (i) each entity that such person controls and (ii) each member of such person's immediate family and (b) any entity, (i) each entity that such entity controls, (ii) each person that controls such entity and (iii) each entity that is under common control with such entity. A person or entity shall be deemed to control an entity if it owns at least fifty percent (50%) of the ownership interest in such entity or otherwise has the power to direct the management, operations or business of such entity.

Agreement – this Limited Liability Company Operating Agreement, as originally executed and as hereafter amended or modified from time to time.

Annual Budget - as defined in Section 6.7.

Articles of Organization – the Articles of Organization of the Company as filed with the Secretary of the State of Connecticut, as the same may be amended from time to time.

Bankrupt or Bankruptcy - means, with respect to any person, a person (a) that (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged bankrupt or insolvent or has entered against the person an order for relief in any bankruptcy or insolvency proceeding, (iv) files a petition or answer seeking for the person a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the person in a proceeding of the type described in subclauses (i) through (iv) of this clause (a), or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver or liquidator of the person or of all or any substantial part of the person's properties, or (b) against which a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation has been commenced and 120 days have expired without dismissal or stay thereof or with respect to which, without the person's consent or acquiescence, a trustee, receiver or liquidator of the person or of all or any substantial part of the person's properties has been appointed and 90 days have expired without the decree or order making such appointment having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

Business - the business of operating an outpatient clinic to provide basic health screening, school and pre-employment physicals, health education and limited primary care services in the Stamford, Connecticut area, and entering into any lawful transaction and engaging in any lawful activities in furtherance thereof and in accordance with this Agreement as may be necessary, incidental or convenient to carry out the business of the Company.

Capital Contribution - any contribution by a Member to the capital of the Company.

Center - as defined in Section 2.4.

Code - the Internal Revenue Code of 1986, as amended from time to time.

Company - St. Joseph's Family Life Center, LLC, a Connecticut limited liability company.

Designee - as defined in Section 7.1(c)

Financial Statements - the annual financial statements of the Company.

Fiscal Year - as defined in Section 6.7.

Fundamental Decisions - as defined in Section 6.3.

GAAP - generally accepted accounting principles consistently applied.

Governing Board - described in Section 6.4.

Manager - any person who, at the time of reference thereto, has been designated to serve as a manager of the Company pursuant to Section 6.2.

Medical Center - St. Vincent's Medical Center.

Member - Initially, Dr. Michael H. Summerer or any other person hereafter admitted to the Company as a member as provided in this Agreement, but excluding any person who has ceased to be a member in the Company.

Membership Interest - the limited liability company interest (expressed as a percentage) of a Member in the Company.

Option - as defined in Section 7.1(c)

Physician - an individual physician or physician group who is licensed or otherwise permitted under the laws of the State of Connecticut to engage in the practice of medicine, or a professional corporation, all of the shareholders of which are physicians who are licensed or otherwise permitted under the laws of the State of Connecticut to engage in the practice of medicine or a limited liability company, all of the members of which are permitted under the laws of the State of Connecticut to engage in the practice of medicine.

Significant Event - as to any Member, (i) the Bankruptcy of the Member, (ii) the involuntary transfer of all or any portion of the Member's Membership Interest for any reason, (iii) the intention or attempt by a Member to Transfer all or any portion of his or her Membership Interest without obtaining the consent of the Governing Board, (iv) the Member ceases to be an employee of the Medical Center for any reason, including death, disability, retirement, voluntary resignation or termination by the Medical Center, with or without cause, (v) the loss by the Member of his or her license to practice medicine in the State of Connecticut, or (vi) the failure of the Member to practice standard medical practices and procedures established by the Medical Center.

Transfer - any sale, assignment, transfer, gift, exchange, pledge or encumbrance, bequest or other disposition of a Membership Interest, in any manner, voluntary or involuntary, by operation of law or otherwise.

Transferring Member - as defined in Section 7.1(b)

ARTICLE TWO FORMATION; NAME; PLACE OF BUSINESS

2.1 **Formation.** The Member hereby confirms the formation of a Connecticut limited liability company by the filing of the Articles of Organization in the form attached hereto as Exhibit 1 in the office of the Secretary of the State of Connecticut under and pursuant to the Act.

2.2 **Name.** The name of the Company is "St. Joseph's Family Life Center, LLC" and all Company business shall be conducted under such name or such other name or names that comply with applicable law and as the Governing Board may designate from time to time.

2.3 **Statutory Agent; Principal Office.** The name of the Company's statutory agent for service of process shall be set forth in the Articles of Organization. The principal office of the Company shall be located at 587 Elm Street, Stamford, Connecticut 06902, or such other place as the Governing Board may designate from time to time.

2.4 **Purposes.** The purpose of the Company is to acquire from the Medical Center and engage in and operate the Business currently located at 587 Elm Street, Stamford, Connecticut known as the "St. Joseph's Family Life Center" (the "Center"), provided, however, the Company shall not acquire or assume any licenses or provider numbers of the Medical Center. The Company shall have the power to do any and all acts and things necessary, appropriate, advisable, or convenient for the furtherance and accomplishment of the purposes of the Company, including to engage in any kind of activity and to enter into and perform obligations of any kind necessary to or in connection with, or incidental to, the accomplishment of the purposes of the Company.

2.5 **Term.** The Company shall commence on the date the Articles of Organization are filed with the Secretary of State and shall continue in existence until such date as may be specified in this Agreement or otherwise dissolved pursuant to the Act.

ARTICLE THREE MEMBERS

3.1 **Members.** Initially, Dr. Michael H. Summerer shall be the sole Member of the Company holding 100% of the Membership Interest.

3.2 **Additional Members.** Additional or substitute Members of the Company may be admitted in the sole discretion of the Governing Board, provided that any such Members shall be

Physicians employed at the Medical Center and shall have executed this Agreement and an employment agreement with the Medical Center:

3.3 Liability of Members. No Member shall be personally liable for the repayment, satisfaction and discharge of any debts, liabilities and obligations of the Company, whether such liabilities arise in contract, tort or otherwise, except to the extent required by the Act or as provided in this Agreement.

3.4 Indemnification. The Company shall indemnify and hold harmless each of the Members or an Affiliate of such Member acting on behalf of the Company pursuant to the terms of this Agreement from and against any claim by any third party seeking monetary damages arising out of such Member's or Affiliate's performance of his or her duties in good faith in accordance with Section 34-141 of the Act provided that such course of conduct was in the best interest of the Company and such course of conduct did not constitute gross negligence, willful misconduct or fraud of the Member or Affiliate.

ARTICLE FOUR THE BUSINESS

4.1 Mission Statement.

(a) Services to the Poor. The mission of the Company is to provide basic health care services, including health screening, school and pre-employment physicals, health education, limited primary care services and similar services, to the underserved population in Stamford, Connecticut, particularly the poor immigrant population, indigents, and other persons who do not have access to adequate health care. Such services shall be provided regardless of the patient's ability to pay, to the extent of the resources available to the Company.

(b) Practice of Medicine. Only those persons properly licensed or otherwise permitted under the laws of the State of Connecticut to engage in the practice of medicine shall provide medical services to patients at the Center.

(c) Ethical and Religious Directives. The Business shall be conducted in a manner consistent with the Ethical and Religious Directives for Catholic Healthcare Services as approved and promulgated from time to time by the National Conference of Catholic Bishops.

4.2 Physicians. The Members, and such other Physicians as determined, from time to time, shall provide, in accordance with generally accepted medical practice, medical treatment to patients of the Company.

4.3 Licenses and Registrations. Each Member shall at all times maintain in effect all federal and state licenses and registrations necessary for the practice of medicine in Connecticut.

ARTICLE FIVE CAPITAL CONTRIBUTIONS; DISTRIBUTIONS

5.1 Capital Contributions.

(a) The Member has made a cash Capital Contribution to the Company in the amount of \$100.

(b) No Member shall have any obligation to make any Capital Contribution other than the Capital Contributions specifically provided herein.

5.2 Return of Contributions. A Member is not entitled (except as otherwise expressly provided herein) to the return of any part of his or her Capital Contributions or to be paid interest in respect of his or her Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of the other Members. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any other Members' Capital Contributions.

5.3 Distributions. The right and power to distribute surplus funds, income and profits of the Company shall be reserved to the Governing Board which shall distribute such funds and profits only to an organization exempt from Federal income tax under Section 5.01(c)(3) of the Internal Revenue Codes of 1986, as amended. Each Member irrevocably waives any rights he or she may have, and the rights that any Member's successors, heirs or assigns may have, to receive any distributions from the Company.

ARTICLE SIX GOVERNANCE AND MANAGEMENT PROVISIONS

6.1 Governance and Management. Subject only to rights of the Governing Board to approve Fundamental Decisions as described in Section 6.3 or as otherwise set forth in this Agreement or as required by applicable law, the business, property and affairs of the Company shall be conducted and managed by the Manager. Subject to the foregoing, the Manager shall have full authority to manage and supervise the day-to-day business, affairs and properties of the Company, to make all decisions regarding the same and to perform any and all other lawful acts or activities customary or incident to the management of the Business. Notwithstanding the foregoing, the Manager shall not be responsible for making clinical decisions regarding the medical care of patients seen at the Center which shall be the responsibility of the Member or other Physicians working at the Center.

6.2 Manager. The Manager of the Company shall initially be Sister Clarisse Correia. The Manager shall serve until death, resignation or removal. The Manager shall serve at the pleasure of the Governing Board and may be removed with or without cause and replaced at any time by the Governing Board.

6.3 Fundamental Decisions. Notwithstanding the Manager's rights to manage the Company under Sections 6.1, the Manager shall not take any of the following actions ("Fundamental Decisions") without the approval of the Governing Board:

- (i) change the location of the Company's office, or change the terms of any office space lease arrangements;
- (ii) admit any new Members or agree to the assignment of any Membership Interest;
- (iii) modify or terminate this Agreement or modify the Articles of Organization of the Company;
- (iv) incur any major capital expenditure or make any commitment to incur a major expense on behalf of the Company which is not contemplated in the Annual Budget;
- (v) make a material change in the nature of the Company's Business;
- (vi) enter into medical ventures or business or investment opportunities;
- (vii) dissolve the Company;
- (viii) sell, exchange, lease, mortgage or pledge all or substantially all of the assets of the Company;
- (ix) cause the Company to be merged with or into any other entity;
- (x) incur any indebtedness other than trade payables in the ordinary course of business; or
- (xi) make any distributions to Members.

6.4 Governing Board.

(a) **Members of Governing Board; Meetings.** The Governing Board shall consist of from three to six persons selected from time to time by the Board of Directors of the Medical Center. The Governing Board shall hold regular meetings, but in any event, not less than two times a year, at the offices of the Company in Stamford, Connecticut or such other location as may be designated from time to time. All members of the Governing Board shall be entitled to receive required notices and agendas of upcoming meetings. Minutes of all meetings of the Governing Board shall be kept and retained in the records of the Company.

(b) **Quorum; Vote Required.** A majority of the total number of members of the Governing Board shall constitute a quorum for the transaction of any business. If a quorum is present when a vote is taken at a meeting, the affirmative vote of a majority of the members of the Governing Board present shall be the act of the Governing Board.

(c) Waiver of Notice. Attendance of a member of the Governing Board at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting, at the beginning of such meeting, to the transaction of any business on the ground that the meeting is not properly called or convened.

(d) Action by Written Consent. Any action permitted or required by this Agreement to be taken at a meeting of the Governing Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a majority of the members of the Governing Board. Such consent shall have the same force and effect as a vote at a meeting. Any member of the Governing Board who has not signed the consent shall be provided with prompt written notification of such consent.

(e) Telephonic Meetings. Members of the Governing Board may participate in and hold a meeting of the Governing Board by means of a conference telephone or similar communications equipment by means of which all members participating in the meeting can hear and speak to each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a member participates in the meeting for the express purpose of objecting, at the beginning of such meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(f) Chairperson. The members of the Governing Board shall be entitled to appoint a Chairperson (the "Chairperson"). The Chairperson shall preside over all meetings of the Governing Board and shall have such other powers, authority and responsibility as the Governing Board may, from time to time, delegate to such Chairperson. The Chairperson (subject to the right of the Governing Board to designate the Chairperson as provided above) shall be entitled to hold office until death, resignation or removal. The person who is serving as Chairperson may be removed as Chairperson, with or without cause, only by the Governing Board and the right of removal may be exercised at any time.

6.5 Nature of Relationship. No Member, other than a Manager or member of the Governing Board in such person's capacity as such, shall take part in the management or conduct of the Company's business or have authority to bind the Company.

6.6 Compensation of Manager. No Manager or member of the Governing Board shall be entitled to any compensation from the Company solely in such person's capacity as a Manager or member of the Governing Board.

6.7 Annual Budget. The Fiscal Year of the Company shall be the same as that of the Medical Center. For each Fiscal Year, the Manager shall cause to be prepared a budget for all costs pertaining to the operations and capital expenditures for the Company during such Fiscal Year. Such budget shall set forth annual and monthly financial information on a line item basis for the Company, including, but not limited to, revenues, costs, expenses, and capital expenditures (the "Annual Budget"). The Governing Board must approve the Annual Budget.

6.8 Indemnification and Liability of Manager and Members of the Governing Board. No Manager, no member of the Governing Board and none of their respective Affiliates (each, an

"Indemnified Party") shall have any liability to the Company or to any Member for any loss suffered by the Company which arises out of any action or inaction of the Indemnified Party, except in the case of gross negligence, willful misconduct or fraud of such Indemnified Party. Each Indemnified Party shall be indemnified by the Company against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims against them in connection with the Company arising out of such Indemnified Party's performance of his or her duties in good faith in accordance with Section 34-141 of the Act, provided that the same were not the result of gross negligence, willful misconduct or fraud on the part of such Indemnified Party. The Indemnified Party shall be fully protected and justified with respect to any action or omission taken or suffered in good faith reliance upon such information, opinions, reports or statements presented to the Company by any person as to matters the Indemnified Party reasonably believes to be within such person's profession or expert competence and who has been selected by the Indemnified Party with reasonable care, including without limitation, as to matters of law, legal counsel, or as to matters of accounting, accountants.

ARTICLE SEVEN RESTRICTIONS ON TRANSFERS OF MEMBERSHIP INTERESTS

7.1 No Transfers.

(a) No Member may Transfer all, or any portion of, or any rights in, the Membership Interest of such Member, except with the prior written consent of the Governing Board, which may be granted or withheld in its sole discretion, or as otherwise set forth in this Article 7.

(b) Upon the occurrence of any one or more Significant Events of a Member, such Member, his or her legal representative or estate, or a trustee, custodian, receiver or any transferee by operation of law (the "Transferring Member") shall be deemed to have offered to sell all of the Membership Interest owned by such Member to the Medical Center's designee (as described below). If the Significant Event is not readily apparent to the Medical Center, the Transferring Member agrees to provide written notice to the Medical Center of the Significant Event within ten (10) days of the occurrence thereof.

(c) For a period of 60 days commencing from the date of a Significant Event (or if the Medical Center was not aware of the Significant Event for a period of 60 days after it becomes aware of such event), the Medical Center shall have the option ("Option") to designate a person or persons ("Designee") to purchase from the Transferring Member all or any part of the Membership Interest of the Transferring Member, at the price and upon the terms set forth in Section 7.1(d), by sending written notice ("Purchase Notice") to the Transferring Member of the Medical Center's exercise of this Option. The Designee must meet the requirements for being a Member as set forth in Section 3.2 hereof.

(d) Any purchase by a Designee of a Membership Interest pursuant to this Article 7 shall be consummated within thirty (30) days following the date of the Option Notice. The purchase price shall be the total amount of the Capital Contributions made by the Transferring Member. If the Medical Center fails to exercise the Option, the Medical Center shall be deemed

to have waived its right to purchase the Transferring Member's Membership Interest, and the Transferring Member may Transfer such Membership Interest subject to the other provisions of this Agreement (including obtaining the consent of the Governing Board prior to such Transfer).

7.2 Invalid Transfers of No Effect. Any Transfer or attempted Transfer of Membership Interest in violation of the terms of this Agreement shall be null and void and have no effect. Each transferor hereby indemnifies the Company, its Manager, the Governing Board and the remaining Members against any and all loss, liabilities, damages and expenses arising directly or indirectly out of any Transfer or purported Transfer in violation of this Agreement.

ARTICLE EIGHT INFORMATION

8.1 Access. In addition to the other rights specifically set forth in this Agreement, each Member shall have access to all information to which a Member is entitled to have access pursuant to the Act and all such other information regarding the Company, as the Member may reasonably request from time to time.

8.2 Regulatory Requirements. Each Member and its respective Affiliates shall provide to the Company such information as the Company determines is necessary or desirable to permit the Company to comply with or respond to any rule, regulation requirement, request, inquiry, investigation, proceeding or the like, by any health regulator or other government official or other requirement of law.

ARTICLE NINE BOOKS, RECORDS AND BANK ACCOUNTS

9.1 Maintenance of Books. The books of account for the Company shall be maintained on an accrual basis in accordance with the terms of this Agreement.

9.2 Accounting Principles. All accounting of the Company (and all other accounting done pursuant to this Agreement) shall be done in accordance with GAAP, to the extent applicable, except where GAAP is inconsistent with the requirements of this Agreement or with regulatory requirements to which the Company is bound.

9.3 Bank Accounts. The Manager shall cause the Company to establish, maintain and designate signatories on one or more separate bank accounts for Company, in the Company name with such financial institutions and firms as the Manager may select. The Company's funds shall not be commingled with the funds of any other person.

9.4 Books and Records.

(a) The Manager will maintain or cause to be maintained at the Company's principal office full and accurate books and records of the Company, and the Members will have the right to inspect and examine the same at reasonable times and upon reasonable notice.

(b) The records to be kept at the Company's principal office in Connecticut shall include, without limitation: (1) a current and past list of the full name and last known mailing address of each Member, Manager and member of the Governing Board; (2) a copy of the Articles of Organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the articles of amendment have been executed; (3) copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years; (4) copies of this Agreement as then in effect and all amendments thereto; and (5) any financial statements of the Company for the three most recent years.

9.5 Compliance Reports. The Manager shall prepare and file an annual report with the Secretary of the State of Connecticut setting forth the name of the Company and its current principal office address as required pursuant to the Act.

ARTICLE TEN DISSOLUTION, LIQUIDATION AND TERMINATION

10.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following:

- (a) the determination of the Governing Board; or
- (b) the entry of a decree of judicial dissolution under § 34-207 of the Act.

10.2 Liquidation and Termination.

(a) On dissolution of the Company, the Manager shall act as liquidator or may appoint one or more other persons as liquidator (the "Liquidator"). The Liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act by the end of the taxable year of the Company in which its liquidation (as such term is defined in Treasury Reg. § 1.704-1(b)(2)(ii)(g)) occurs or, if later, within 90 business days of the date of such liquidation. The costs of liquidation shall be borne as a Company expense. Until final distribution, the Liquidator shall continue to operate the Company properties with all of the power and authority of the Members, the Manager and the Governing Board. The steps to be accomplished by the Liquidator are as follows:

(i) as promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by the accounting firm selected by the Manager of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution shall occur or the final liquidation shall be completed, as applicable;

(ii) the Liquidator shall have full power and authority to sell, assign and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner; and

(iii) all proceeds from liquidation shall be distributed in the following order of priority:

(A) first, to the payment of the debts and liabilities of the Company (but, in the case of nonrecourse debts and liabilities, only to the extent required under the applicable credit and security agreement), and expenses of liquidation;

(B) second, to the setting up of such reserves as the Liquidator may reasonably deem necessary for any contingent liability of the Company;

(C) third, to the extent any remaining funds were donated to the Company and specified to be used for charitable purposes, such funds shall be returned to the donor (any funds of the Company that have not been donated shall be used first to make payments under (A) and (B) above before any donated funds are used);

(D) fourth, to the Members in accordance with their respective Membership Interests, but not in excess of the amount of such Member's Capital Contribution; and

(E) fifth, the balance, if any, to any organization or organizations exempt from Federal income tax under the Internal Revenue Code of 1986, as amended, as determined by the Liquidator.

10.3 Cancellation of Filings. Upon completion of the distribution of Company assets as provided herein, the Company is terminated, and the Liquidator shall file a certificate of cancellation with the Secretary of the State of Connecticut, cancel any other filings and take such other actions as may be necessary to terminate the Company.

ARTICLE ELEVEN GENERAL PROVISIONS

11.1 Notices. All notices and other communications (collectively, "notices") provided for or permitted to be given under this Agreement shall be in writing and shall be given by depositing the notice in the United States mail, addressed to the person to be notified, postage paid and registered or certified with return receipt requested, or by such notice being delivered in person, by a national overnight courier or by facsimile communication to such party. Unless otherwise expressly set forth herein, notices given or served pursuant hereto shall be effective upon receipt by the person to be notified. All notices to be sent to a Member shall be sent to or made at, and all payments hereunder shall be made at the address of such Member set forth in this Agreement or any amendments hereto or such other address as a Member may specify by notice to the Company.

11.2 Entire Agreement; Waivers and Modifications.

(a) This Agreement and any Member's Employment Agreement with the Medical Center constitute the entire agreements of the Members relating to the Company, and supersede any and all prior contracts, understandings, negotiations and agreements with respect to the Company and the subject matter hereof, whether oral or written.

(b) This Agreement may be amended or modified from time to time only by a written instrument approved by the Governing Board provided that no such amendment shall change the rights or obligations of any Member without such Member's consent.

11.3 Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the State of Connecticut, excluding any conflict-of-laws rule or

principle that might refer the governance or construction of this Agreement to the law of another jurisdiction.

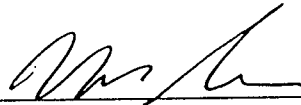
11.4 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

11.5 Severability. The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity or enforceability of any other of its provisions. If one or more provisions hereof shall be so declared invalid or unenforceable, the remaining provisions shall remain in full force and effect and shall be construed in the broadest possible manner to effectuate the purposes hereof. The Members further agree to replace such void or unenforceable provisions with provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

11.6 Successor and Assigns. Subject to the limitations and restrictions set forth in this Agreement, this Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

Member:

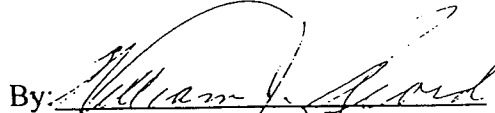


Name: Dr. Michael H. Summerer

Address: c/o St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

Appointee of Manager and Governing Board:

St. Vincent's Medical Center



Name: William J. Riordan

Title: Chief Executive Officer

Manager:

Sr. Cláudia Correia
Sister Clarisse Correia

Exhibit 1

ARTICLES OF ORGANIZATION

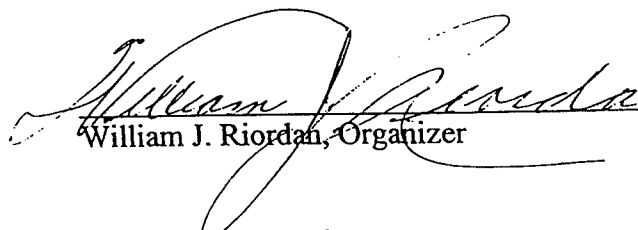
OF

ST. JOSEPH'S FAMILY LIFE CENTER, LLC

The undersigned, being desirous of forming a limited liability company under the Connecticut Limited Liability Company Act (the "Act"), hereby certifies as follows:

1. The name of the limited liability company is ST. JOSEPH'S FAMILY LIFE CENTER, LLC (the "LLC").
2. The purpose of the LLC is to engage in the practice of medicine and services ancillary thereto, and such services shall be rendered only through the LLC's members, managers, employees and agents who are licensed or otherwise legally authorized to render such professional services within the State of Connecticut.
3. The principal office address of the LLC is c/o 587 Elm Street, Stamford, Connecticut 06902.
4. The agent for service of process is William J. Riordan, with a business address at St. Vincent's Medical Center, 2800 Main Street, Bridgeport, Connecticut 06606; and a residence address at 383 Half Mile Road, Fairfield, Connecticut 06430.
5. The management of the LLC shall be vested in a Manager.

IN WITNESS WHEREOF, the undersigned has duly executed these Articles of Organization as of November 30, 2000.


William J. Riordan, Organizer

Acceptance of Designation as Agent for Service

The undersigned, William J. Riordan, hereby accepts the appointment as Agent for Service of Process made by St. Joseph's Family Life Center, LLC.

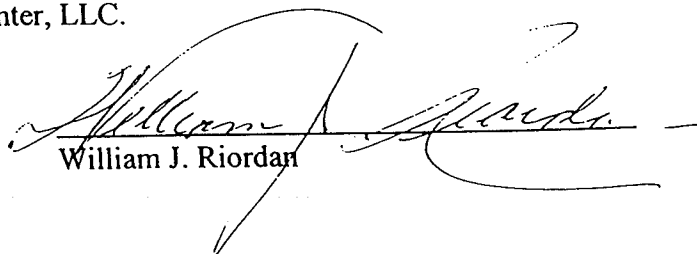

William J. Riordan


EXHIBIT E

ASSIGNMENT OF MEMBERSHIP INTEREST

The undersigned, Dr. Michael H. Summerer, hereby conveys, transfers and assigns one hundred percent (100%) of the total membership interest in ST. JOSEPH'S FAMILY LIFE CENTER, LLC (the "Company"), owned by the undersigned, to Dr. Theresa Kryspin ("Kryspin"), whereupon Kryspin shall be admitted as the sole member of the Company.

This Assignment shall be effective as of October 29, 2004 and shall be governed by and interpreted in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Assignment as of this 29th day of October, 2004.

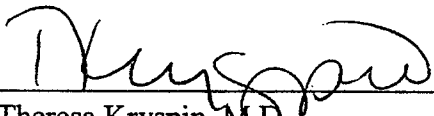


Michael H. Summerer, M.D., Sole Member

ACCEPTANCE BY MEMBER

In accordance with the aforesaid transfer, by the undersigned's signature below, the undersigned hereby agrees to become a signatory to and to be bound by the provisions of the Limited Liability Company Operating Agreement of ST. JOSEPH'S FAMILY LIFE CENTER, LLC, dated as of December 1, 2004.

Dated as of this 29th day of October, 2004.



Theresa Kryspin, M.D.

EXHIBIT F

ST. VINCENT'S MEDICAL CENTER
Bridgeport, Connecticut

October 29, 2004

Dr. Theresa Kryspin
St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

Re: Additional Employment Responsibilities

Dear Dr. Kryspin:

In connection with your existing responsibilities as a Hospitalist at St. Vincent's Medical Center ("Medical Center"), you have agreed to provide services on behalf of the Medical Center to St. Joseph's Family Life Center, LLC, a Connecticut professional service limited liability company ("St. Joseph's"), as directed by the Medical Center.

As part of your services, you will become the sole Member of St. Joseph's and will become a party to the Limited Liability Company Operating Agreement dated as of December 1, 2001 with St. Joseph's and the Medical Center (as attached) by execution of the attached Transfer of Membership Interest. All defined terms in the Operating Agreement, including without limitation, "Member" and "Membership Interest" shall have the same meaning in this letter agreement as they do in the Operating Agreement. You will hold your Membership Interest in St. Joseph's and conduct your activities as Member as a fiduciary of the Medical Center. You will not own a Membership Interest in St. Joseph's unless and until the Transfer of Membership has been executed by you making you a signatory to the Operating Agreement.

As part of your fiduciary responsibilities to the Medical Center as the Member of St. Joseph's, you agree to the following:

(a) You will not transfer, pledge or encumber your Membership Interest in St. Joseph's to any party without the written consent of the Governing Board of St. Joseph's and the Medical Center which may be withheld in their sole discretion.

(b) You irrevocably waive your right and the rights of your heirs and assigns to receive distributions from St. Joseph's and agree to accept only reasonable compensation for services rendered to the Medical Center and St. Joseph's pursuant to this letter agreement in accordance with your existing compensation arrangement with the Medical Center.

(c) You agree that in no event will you accept a purchase price for your Membership Interest greater than One Hundred Dollars (\$100).

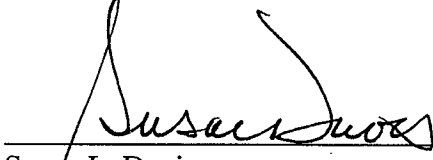
(d) You will maintain in effect as long as you are employed by the Medical Center and/or are a Member of St. Joseph's, all federal and state licenses and registrations necessary for the practice of medicine in the State of Connecticut.

Upon the termination of your employment with the Medical Center for any reason, you agree that the Medical Center will immediately have the sole right to designate the transferee of your Stock in Pequot for the purchase price of one dollar (\$1.00) per share. In order to secure performance of this provision, you will endorse in blank your stock certificate(s) for transfer to the designee of the Medical Center, and the Medical Center will hold such stock certificate(s) until the end of your employment with the Medical Center.

The Medical Center agrees to indemnify you and hold you harmless from any loss, liability, damages, costs or expenses incurred or suffered by you arising out of or related to your responsibilities as a Member of St. Joseph's, except for any actions on your part in violation of the terms of this letter agreement or the Operating Agreement.

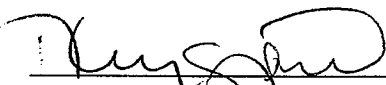
Please sign a copy of this letter where indicated below to acknowledge your agreement with its terms.

Sincerely,



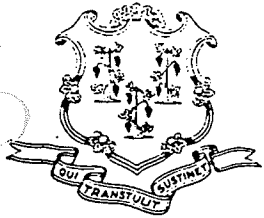
Susan L. Davis
President and Chief Executive Officer

Acknowledged and Agreed to
this __ day of October, 2004.



Theresa Kryspin, M.D.

EXHIBIT G



STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

IN THE MATTER OF:

The Stamford Hospital
Stamford Health System, Inc.
Saint Joseph Medical Center, Inc.
Saint Vincent's Medical Center
Saint Vincent's Health Service Corporation

Docket Number: 98-503
October 30, 1998

AGREED SETTLEMENT

WHEREAS, The Stamford Hospital (TSH), Stamford Health System, Inc. (SHS), Saint Joseph Medical Center, Inc. (SJMC), Saint Vincent's Medical Center (SVMC), Saint Vincent's Health Service Corporation (SVHS), together referred to herein as Applicants, all non-profit health care facilities or institutions as defined in Section 19a-630 of the Connecticut General Statutes (C.G.S.), as amended by Section 1 of Public Act 98-150, filed a Certificate of Need (CON) application with the Office of Health Care Access (OHCA) on May 29, 1998 under Docket Number 98-503, pursuant to Sections 19a-638 and 19a-639, C.G.S., as subsequently amended by Sections 2 and 3, respectively, of Public Act 98-150; and

WHEREAS, the CON application is for a reconfiguration of health services in Stamford through a change of ownership and control of SJMC from SVHS and SHS entirely to SHS, a termination of acute care services at the SJMC campus, the new construction of an outpatient services center by SHS and TSH, renovations and new construction to TSH's main campus, renovations to SVMC's main campus; the establishment of new rehabilitation services by TSH and the relocation of the rehabilitation services of SJMC to the SVMC campus, at a capital expenditure of \$110,734,514, which does not include capitalized financing costs, plus \$8,108,000 in capitalized financing costs, for a total capital expenditure of \$118,842,514; and

WHEREAS, the CON application as filed with OHCA on May 29, 1998 includes the following major project components:

- The purchase of SVHS's membership interest in SJMC by SHS.;
- The termination of acute care services at the SJMC campus at 128 Strawberry Hill Avenue in Stamford;
- A capital expenditure exceeding statutory thresholds for the complete replacement by SHS of the physical plant which is currently SJMC through construction of a new outpatient services center;

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- A capital expenditure exceeding statutory thresholds for renovations and new construction on TSH's campus;
- A capital expenditure exceeding statutory thresholds for renovations at SVMC campus;
- The establishment of inpatient rehabilitation services consisting of a 12 bed unit by TSH and at TSH campus in Stamford;
- The relocation of 18 of SJMC's inpatient rehabilitation beds to the SVMC campus in Bridgeport to be operated by SJMC under its acute care hospital license;
- The acquisition of imaging equipment (cardiac catheterization equipment) exceeding statutory thresholds by TSH;
- The relocation of the existing services of Stamford Surgical Center, a subsidiary of SHS, from its existing Summer Street location to the proposed outpatient services center;
- The relocation of the existing diagnostic imaging services of Health Services of Stamford, a subsidiary of SHS, from its existing Summer Street location to the proposed outpatient services center; and
- The acquisition of imaging equipment (MRI unit) exceeding statutory thresholds by TSH; and

WHEREAS, the sources and the proposed uses of the total proposed capital expenditure of \$118,842,514 is as follows:

PROJECT FUNDS USES AND SOURCES

<u>Project Funding Uses</u>	<u>Project Funding Sources</u>
SHS Outpatient Services Center \$59,425,178	State of Connecticut Health and Educational Facilities Authority (CHEFA) Bonds Series G (Fixed) by TSH of \$51,355,000
TSH New Construction and Renovations \$41,574,822	CHEFA Bonds Series H (Variable) by TSH of \$29,275,000
SHS purchase of SJMC \$7,000,000	CHEFA Bonds Unused Series F by TSH \$6,261,524
SVMC Renovations for SJMC's Rehabilitation Unit relocation \$2,760,000	SVMC Equity Contribution \$2,760,000
Capitalized Financing Costs \$8,108,000	SHS Equity Contribution of \$23,000,000
Project Rounding \$(25,486)	Interest Earned Construction Funds \$6,190,000
Total Proposed Project Capital Expenditure \$118,842,514	Total Project Funding Sources \$118,842,514

WHEREAS, the proposed total capital expenditure is delineated in further detail in Attachment I, herein; and

WHEREAS, there is no default date for the CON application under Docket Number 98-503 pursuant to Section 19a-638 and 19a-639, C.G.S., as amended by Public Act 98-150; and

WHEREAS, the proposed new outpatient services center at the Strawberry Hill location will include a wellness and lifestyle change / fitness center, ambulatory and diagnostic care services, including cardiac, orthopedic and pulmonary rehabilitation services (including sleep lab), a 6 operating room ambulatory surgical center, outpatient mental health services, endoscopy, infusion therapy, wound care and pain management services and educational and research services and will further include a 208 car parking structure; and

WHEREAS, the proposed five floor building to be constructed on TSH's main campus will include inpatient and outpatient maternal and obstetrical services, including birthing education and neonatal intensive care, and an intensive care unit, and will be named the Specialty Care Pavilion; and

WHEREAS, the Specialty Care Pavilion will have its own entrance and will be physically linked to the existing facility; and

WHEREAS, the current licensed beds by service category for TSH, SJMC and SVMC are as follows:

Current licensed beds by service category			
	TSH	SJMC	SVMC
Adult Medical/Surgical	214	185	295
ICU/CCU	14	12	25
Exempt Psychiatry	25	0	16
Maternity	32	13	28
Newborn Bassinets	17	25	32
NICU	8	0	0
Exempt Rehabilitation	0	30	0
Pediatrics	20	20	27
Total excluding newborn bassinets	313	260	391
Total including newborn bassinets	330	285	423

; and

WHEREAS, existing and planned licensed bed distribution for inpatient maternity services in Stamford are as follows:

	<u>TSH</u> <u>existing</u>	<u>TSH</u> <u>proposed</u>	<u>SJMC existing</u>	<u>SJMC</u> <u>proposed</u>
Labor and Delivery Suites	6	12	4	0
Post-Partum Care Beds	32	32	13	0

; and

WHEREAS, TSH currently has 14 beds located in its intensive care unit (ICU) and SJMC has 12 beds located in its ICU and TSH proposes to located 12-14 licensed beds in its new ICU located in the Specialty Care Pavilion; and

WHEREAS, SJMC and TSH combined currently have 26 ICU beds in service with a combined average daily census of 17; and

WHEREAS, SJMC had an average daily census of 47 for its total inpatient services for year to date ending 7/31/98; and

WHEREAS, for the 10 month period from October, 1997 through July, 1998, SJMC experienced a loss from operations of \$3,825,683 and had a decrease in cash and cash equivalents of \$4,412,993; and

WHEREAS, the Applicants project that through both the CON application for reconfiguration of services in Stamford and through a planned reengineering program for TSH and SHS, approximately \$40,000,000 of operating costs will be taken out of the healthcare system in Stamford by Fiscal Year 2002; and

WHEREAS, the CON application initially included a reconfiguration of inpatient psychiatric services; however, this component of the project, as proposed, was reconsidered by the Applicants and withdrawn prior to the application being deemed complete; and

WHEREAS, TSH proposes to establish a 20 bed Step Down unit in an existing but unused medical/surgical unit on the 4th floor of the Main building and the establishment of this unit will allow for the immediate transition of medical/surgical patients from SJMC to TSH; and

WHEREAS, the Step Down unit is designed to create a level of care which is intermediate in staffing intensity between the ICU and the general medical/surgical units; and

WHEREAS, the proposed Step Down unit will be designed to accommodate a wide range of uses including ventilator patients, dialysis patients and telemetry patients; and

WHEREAS, the Applicants proposed in the CON application, that SJMC would continue to hold its acute care hospital license and its 30 existing rehabilitation beds until the closing date of the purchase agreement and at closing, the license for 12 of the 30 beds would be transferred to TSH and the license for 18 of the 30 beds would be relocated to the SVMC but operated by SJMC under its hospital license; and

WHEREAS, the Applicants indicate that the location of rehabilitation beds at both TSH and SVMC campuses would improve access to inpatient rehabilitation services at both these locations and improve the physician's and hospitals' ability to manage care, thus improving continuity of care provided to patients at these locations; and

WHEREAS, a majority of the existing rehabilitation beds at SJMC, which are proposed to be relocated to TSH and SVMC, are used for stroke victims; and

WHEREAS, the Department of Public Health indicated that, in accordance with state statute, a license is not transferable or assignable and, as such, SJMC's acute rehabilitation unit cannot be relocated to St. Vincent's campus and continue to operate under SJMC's current license; and

WHEREAS, upon completion of the project as proposed, OHCA has determined that SJMC would not meet the statutory definition of a short term General Hospital which would be required to have facilities, medical staff and all necessary personnel to provide diagnosis, care and treatment of a wide range of acute conditions, including injuries; and

WHEREAS, all TSH outpatient rehabilitation services are currently provided at and by the Easter Seal Rehabilitation Center and all comprehensive outpatient therapy services (more than one type of service) will continue to be sent to that provider with less involved cases being sent to the proposed outpatient services center at the Strawberry Hill location; and

WHEREAS, SHS and its corporate affiliates currently operate two MRIs: one at TSH's main campus and a recently authorized MRI owned and operated by Health Services of Stamford, Inc., a subsidiary of SHS, at a new outpatient diagnostic imaging center in Darien; and

WHEREAS, the Darien MRI site commenced operations on April 27, 1998 and is therefore, not operating at full capacity; and

WHEREAS, currently SJMC performs cardiac catheterization procedures in a dedicated cardiac catheterization laboratory and special procedures in a dedicated special procedures laboratory and TSH performs both cardiac catheterization and special procedures in one joint use laboratory; and

WHEREAS, TSH and SHS propose to establish a dedicated cardiac catheterization laboratory and a dedicated special procedures laboratory on TSH main campus and a joint use cardiac catheterization/special procedures laboratory at the proposed outpatient services center at the Strawberry Hill location; and

WHEREAS, SJMC and TSH cardiac catheterization volume combined is approximately 55% outpatient and 45% inpatient; and

WHEREAS, the Applicants propose the establishment of the Saint Joseph Family Life Center in order to provide non-medical/spiritual services as well as medical services, including dental services, in the form of a primary care clinic for adults and children at 587 Elm Street in Stamford; and

WHEREAS, the Applicants proposed in the CON application that the operation of the planned Saint Joseph Family Life Center will be included under SJMC's existing acute care hospital license rather than seeking an outpatient clinic license; and

WHEREAS, the services proposed to be provided at the Family Life Center will be targeted at the poor and underserved population of the Stamford area; and

WHEREAS, SHS will provide the property at 587 Elm Street in Stamford to SVHS rent free for the proposed Family Life Center; and

WHEREAS, SHS will build and/or fit-up the space and lease it to SJMC for the Family Life Center on a long-term lease and in addition, SHS will at the time of closing provide a \$3,000,000 grant to support the Family Life Center, such grant to be deposited into a dedicated fund controlled by SVHS; and

WHEREAS, SJMC currently experiences approximately 16,000 visits to its emergency department annually, a majority of which are walk-ins appropriate for urgent care level services; and

WHEREAS, SHS proposes to establish and operate an urgent care center at the proposed outpatient services center which is proposed to provide seven days a week, 17 hour a day care (7:00 AM to 12:00 midnight) on a walk in basis for basic urgent care services and which will be staffed by an emergency department certified physician; and

WHEREAS, the proposed urgent care center will not be used for emergent care, such as major trauma, heart attacks, stroke, etc. which will be cared for in TSH's emergency department; and

WHEREAS, TSH will conduct a public information campaign through various means, geared towards residents of the area, which will clarify where residents should go for various types of urgent and emergent care services; and

WHEREAS, SHS and SVHS jointly own and control SJMC; and

WHEREAS, SHS and SVHS entered into a Hospital Operating agreement in January, 1997 which provided for the continuing operation of SJMC and SJMC's integration into the Stamford Health System; and

WHEREAS, SHS proposes to buy-out SVHS's ownership share in SJMC and as a result of the buy out, SHS will be in control of all assets, liabilities and obligations of SJMC as of the Closing Date of the Buy-Out or purchase agreement; and

WHEREAS, upon execution of the purchase agreement, SJMC will transfer to SHS all of the land and improvements located on SJMC's campus (including the right to receive funds from estates and trusts); and

WHEREAS, SHS proposes to terminate its interest in the ownership and control of SJMC as a legal entity as of the closing date, including transferring its membership interest in SJMC to SVHS and thereafter, SJMC is proposed to operate as a separate entity owned and controlled by SVHS under the sponsorship of the Daughters of Charity of St. Vincent DePaul; and

WHEREAS, the Applicants propose to relocate the 6 operating room outpatient surgical suite from the Stamford Surgical Center (SSC) to the Strawberry Hill location which are both approximately 1.5 miles traveling distance from TSH; and

WHEREAS, SSC currently operates from 7:00 a.m. to 4:30 p.m., and the proposed hours of operation at the Strawberry Hill location are 7:00 a.m. to 4:00 p.m. with expanded hours if needed; and

WHEREAS, SSC has been in existence for 8 years with physicians from the community providing the same discrete core of ambulatory surgical procedures (endoscopy, ophthalmological, minor surgery, etc.) being proposed at the Strawberry Hill location and performing approximately the same number (4,500) of outpatient surgical procedures as TSH; and

WHEREAS, the Applicants state that the patient and/or physician currently have and will continue to have the choice of location of the outpatient surgical procedure to be performed; and

WHEREAS, TSH and SVMC will request a net revenue limit adjustment specific to this CON proposal; and

WHEREAS, Bridgeport Hospital, an existing provider of inpatient rehabilitation services located in Bridgeport Connecticut, applied for and was granted intervenor status in the proceeding under Docket Number 98-503 specifically related to inpatient rehabilitation services in the Greater Bridgeport area; and

WHEREAS, Gaylord Hospital, an existing provider of inpatient rehabilitation services located in Wallingford, Connecticut, applied for party status which was denied by OHCA and Gaylord Hospital was granted intervenor status in the proceeding under Docket Number 98-503 specifically related to inpatient rehabilitation services in the Greater Bridgeport area; and

WHEREAS, on July 30, 1998 and continued on August 20, 1998 and September 17, 1998, OHCA held a public hearing regarding the CON application as a contested case, pursuant to the provisions of the Uniform Administrative Procedure Act (Chapter 54) and Sections 19a-638 and 19a-639, C.G.S., as amended; and

WHEREAS, OHCA has reviewed the CON application, pursuant to Sections 19a-638 and 19a-639, C.G.S., as amended, and has fully considered the principles and guidelines set forth in Section 19a-637, C.G.S., in its review; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is unrelated to the most recent State Health Plan; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is consistent with SHS's current long range strategic plan; however, SVMC or SVHS long range plans are not addressed in the Applicants' CON proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, appears to be financially feasible and appears to have no adverse impact on any of the Applicants' respective financial conditions; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, is consistent with the interests of consumers of health care services and the payers for such services; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants and their corporate affiliates to improve the services currently offered, thereby improving the quality of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to maintain the current level of accessibility of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to maintain the cost-effectiveness of health care delivery in the region; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, demonstrates a clear public need for the proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, appears to demonstrate that the Applicants have sufficient technical, financial and managerial competence to provide efficient and adequate services to the public; and

WHEREAS, the Applicants CON proposal, as modified by OHCA herein, will allow the Applicants to cover the proposed capital expenditure; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will allow the Applicants to cover the incremental operating expenses related to this proposal; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will not impact the teaching responsibilities of the Applicants; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, will enhance SHS's research responsibilities as the proposed outpatient services center will include a research institute component; and

WHEREAS, the Applicant's CON proposal, as modified by OHCA herein, presents no evidence concerning the proportionate number of patients of different types and physicians or health care practitioners of different types, that differentiates the Applicants from otherwise similar providers; and

WHEREAS, the Applicants' CON proposal, as modified by OHCA herein, presented information that the Applicants have committed themselves to making voluntary efforts in improving productivity and containing costs; and

WHEREAS, Section 4-177(c), C.G.S., provides that unless precluded by law, a contested case may be resolved by agreed settlement; and

WHEREAS, both OHCA and the Applicants wish to resolve their differences regarding this CON application.

NOW, THEREFORE, the Office of Health Care Access (OHCA) and The Stamford Hospital (TSH), Stamford Health System, Inc. (SHS), Saint Joseph Medical Center, Inc. (SJMC), Saint Vincent's Medical Center (SVMC), Saint Vincent's Health Service Corporation (SVHS), together referred to herein as Applicants, hereby stipulate and agree to the terms of settlement with respect to the Applicants' request for a Certificate of Need (CON) under Docket Number 98-503, as follows:

- 1) The Applicant's request for a CON as proposed under Docket Number 98-503 is hereby modified and approved by OHCA pursuant to the following stipulations.
- 2) SHS is granted authorization to purchase SVHS's membership interest in SJMC at a project component capital cost of \$7,000,000.
- 3) According to the Department of Public Health, an acute care hospital license is not transferable or assignable. As such, the Applicant's request to relocate 18 of SJMC's 30 bed rehabilitation unit to the SVMC campus to be operated under the SJMC acute care license is denied.
- 4) The Applicants are not authorized to continue the operation of SJMC under an acute care hospital license and must surrender such acute care hospital license.
- 5) The request to terminate acute care hospital services on the SJMC campus (Strawberry Hill campus) and for SHS to construct and establish an outpatient services center at the Strawberry Hill campus is approved. The following service components will be located at this site: Ambulatory Surgical Center with 6 Operating Rooms, Day Medicine Center, Diagnostic Imaging Center without Magnetic Resonance Imaging Services, Urgent Care Center, Family Medicine Center, Corporate Health Center, Cardiac Diagnostic and Rehabilitation Center without the joint Cardiac Catheterization/Special Procedures Laboratory Services, Ambulatory Rehabilitation Center, Behavioral Health Center, Wellness and Lifestyle Change Center, Research Institute, Physician Practice Suites and SHS Administrative Offices. In addition, the Applicants are authorized to locate a parking structure on this campus.
- 6) TSH and SHS are authorized to construct the new outpatient services center with appropriate physical space (in terms of square footage and layout) for both Cardiac Catheterization/Special Procedures and Magnetic Resonance Imaging (MRI) services. SHS or its affiliates are not authorized to purchase, lease or install equipment related to these two functions in the new outpatient services center or to commence cardiac catheterization/ special procedures or MRI services at the outpatient services center. The total capital expenditure is reduced by \$1,050,000 to reflect the denial of any purchase acquisition or installation of this equipment. TSH is not prohibited from filing a separate Certificate of Need application for equipment related to either or both of these services for the new outpatient services center, but the Applicants agree that it shall not be earlier than December 31, 1999.

- 7) TSH is granted authorization to construct a new five floor building on TSH's main campus which will consist of maternal and obstetrical services, including birthing education and neonatal intensive care, and an intensive care unit, and will be named the Specialty Care Pavilion. TSH is also granted authorization to perform the proposed renovations on TSH's campus.
- 8) SVMC is not authorized to perform any renovations related to the establishment of a inpatient rehabilitation unit on its campus and the total proposed capital expenditure is reduced by \$2,760,000 for this project component.
- 9) The capital expenditure for all components of the CON project is hereby modified and approved at \$106,950,000, which does not include capitalized financing costs, plus \$8,108,000 in capitalized financing costs, for a total capital expenditure of \$115,058,000. The authorized capital expenditure does not include the renovation of space on the SVMC campus or the purchase of cardiac catheterization/special procedures equipment or a magnetic imaging unit for the authorized outpatient services center at the Strawberry Hill location. The sources of funding for the approved capital expenditure including the purchase of SVMC's ownership interest in SJMC by SHS for \$7,000,000 is an equity contribution of \$53,950,000 and debt financing of \$61,108,000. Short term financing of a portion of the equity contribution is allowed until such time as the full equity contribution can be raised through fund raising.
- 10) The existing 30 bed inpatient rehabilitation unit at SJMC will be operated during the transition period of approximately 30 months within the SJMC's Marion Pavilion at a level of 24 licensed beds. TSH will seek a license from DPH as a chronic disease facility licensed for 24 beds for the operation of these beds during this transition period. At the end of the transition period, TSH will surrender its Chronic Disease Facility license.
- 11) TSH is granted authorization to establish and operate a 12 bed rehabilitation unit upon completion of the transition period. This unit will be located on South building, 3rd floor. TSH agrees that it will decertify 5 beds from its existing bed complement in order to establish this dedicated rehabilitation unit.
- 12) TSH agrees that it will not provide inpatient rehabilitation services to patients meeting the following criteria:
 - a) Brain Injury patients at or below Rancho Los Amigos Level V
 - b) Brain Injury patients at Ranchos Los Amigos Levels 6 or 7 who require any specialized services such as academic therapy, psychological services, vocational services, neuropsychological services, chemical dependency services or transitional living services; and
 - c) Patients with complete or incomplete spinal cord injury impairment.

13) The Applicants' request for the establishment of a Step Down unit at TSH as described in the CON application is modified and approved as the establishment of a Special Care Unit (SCU). The SCU will be located on a provisional basis on the Fourth Floor of the Main Building of TSH and will be allowed to operate during the project's transition period of approximately 30 months. The SCU will be utilized by TSH to provide care for patients requiring more nursing care than the general patient population but less nursing care than is required by an intensive care patient. TSH agrees to file the following utilization data to OHCA twice a year during this transition period.

- a) Number of admissions to the SCU, by DRG or diagnosis;
- b) Number of admissions to the SCU from the ICU and the average length of stay in the SCU;
- c) Number of admissions to the SCU from the Surgical Department and the average length of stay in the SCU;
- d) Number of admissions to the SCU from the Emergency Department and the average length of stay in the SCU;
- e) Number of patients which were transferred to the ICU from the SCU; and
- f) Number of admissions to the ICU by DRG or diagnosis and average length of stay.

(no specific confidential patient identifiers should be submitted)

This information shall be filed within thirty (30) days subsequent to the opening of the SCU and thereafter every six (6) months for the transition period.

14) TSH agrees that no later than six months prior to the expected opening of the new ICU in the authorized new addition, the Hospital will make its final submission of utilization data to OHCA and OHCA will review the aggregated utilization data received during the 2 year period and make a determination regarding the following:

- a) Whether the continuing operation of the SCU is necessary;
- b) Whether the SCU should remain at 20 beds;
- c) Whether the SCU should remain at the Main Four location;
- d) Whether the Hospital should operate an ICU related Step Down unit in conjunction with or in place of the SCU and if so:
 - i) How many beds it should contain; and
 - ii) Where it should be located.

- 15) TSH further agrees that it shall reserve the existing ICU space on Center building 2nd floor for purposes of OHCA's determination in this matter as to the final disposition of the SCU and any Step Down unit needs of TSH.
- 16) The Applicants agree that the operations of the Stamford Surgical Center and the Diagnostic Imaging Center will be entirely relocated from their current Summer Street locations in Stamford to the authorized outpatient services center. TSH agrees that elective outpatient surgery will continue to be provided and available at TSH's main campus operating rooms.
- 17) TSH agrees that patients who are clinically appropriate to receive surgical services at the new outpatient services center's ambulatory surgery program, will be supplied with written information sufficient for the patient to make an informed choice between TSH's ambulatory program at its main campus and the program at the outpatient services center.
- 18) TSH further agrees that it shall develop, in conjunction with its medical staff, literature containing information, including information on clinical appropriateness and cost/reimbursement issues including patient's co-payment. This literature shall be supplied to all physicians with privileges at the ambulatory surgery program at the outpatient services center, with instructions to those physicians to distribute such literature to all patients needing surgery who are clinically appropriate for the outpatient services center. Pre-surgical consent forms will contain an acknowledgement by the patient that his/her physician has supplied the literature necessary for the patient to make an informed consent as to the chosen site for surgical services.
- 19) TSH and SHS working with the respective medical and surgical residency training programs, agree to develop resident training protocols which require full integration of residents into all departments at the new outpatient services center where such training is consistent with such residency training programs.
- 20) The establishment and operation of the Saint Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and children and will be located at 587 Elm Street in Stamford. Saint Joseph Family Life Center, Inc., which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.
- 21) SJMC must terminate its services and surrender its license in accordance with a schedule to be agreed to by the Applicants and filed with OHCA no later than three weeks following the date of this CON authorization.
- 22) OHCA and the Applicants recognize that Stamford Health Systems will be in control of all assets, liabilities and obligations of SJMC as of the Closing Date of Buy-Out or purchase agreement between SHS and SVHS. Related to this are the following agreed upon stipulations:

- a) The Stamford Hospital agrees to meet all State of Connecticut reporting requirements for St. Joseph Medical Center related to financial and statistical data relating to all reporting periods on and subsequent to the last day of operation of St. Joseph Medical Center as an acute care general hospital.
 - b) Pursuant to Section 19a-671, C.G.S., the Office of Health Care Access shall advise the Commissioner of Social Services of the disposition of any disproportionate share payment settlement balance(s) remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital. The Applicants agree that any applicable final settlement(s) related to payment from the State of Connecticut to St. Joseph Medical Center implemented after the last day of operation of St. Joseph Medical Center as an acute care general hospital shall be payable to The Stamford Hospital if the settlement adjustment is a positive amount. If the settlement adjustment is a negative amount, the Applicants agree that any remaining balance(s) owed by St. Joseph Medical Center shall be paid by The Stamford Hospital in accordance with the normal recoupment process.
 - c) If the last day of operation of St. Joseph Medical Center as an acute care general hospital is prior to September 30, 1999, then pursuant to Section 19a-671, C.G.S., the Office of Health Care Access shall advise the Commissioner of Social Services of disposition of any disproportionate share interim payment balance remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital. The Applicants agree that any interim disproportionate share payments remaining after the last day of operation of St. Joseph Medical Center as an acute care general hospital shall be payable on an interim basis only to The Stamford Hospital for the remainder of the hospitals' fiscal year. All such interim payments transferred to The Stamford Hospital in accordance with such advice, shall be treated as and included in the total interim payments utilized for purposes of determining the final disproportionate share payment settlement for The Stamford Hospital for the applicable fiscal year.
- 23) The Applicants agree to file a full copy of the land and building covenant agreement with OHCA within thirty (30) days of execution.
- 24) TSH and SHS agree that a full range of women's services will continue to be provided on TSH's main campus.
- 25) TSH agrees that TSH will not increase its licensed bed capacity as a result of this authorized project.
- 26) The Applicants shall take all reasonable measures to ensure that the approved capital expenditure of \$106,950,000, which does not include capitalized financing costs, is not exceeded. In the event that the Applicants learn of potential cost increases or expect that final project costs will exceed those approved, the Applicants shall inform OHCA in writing of such cost increase. The Applicants shall file with OHCA, a request for approval of the revised project budget. The Applicants shall neither incur a financial obligation nor expend funds in excess of the maximum capital expenditure as approved by OHCA herein, nor


change the scope of the project without prior written approval from OHCA. Should the final capital expenditure be less than that amount approved by OHCA, the Applicants are expressly limited to the expenditure which is the lesser of \$106,950,000, which does not include capitalized financing costs or the actual project cost.

- 27) The Applicants agree that it will provide as a source of funds for the project, a minimum equity contribution of \$53,950,000. Any under expenditure of the approved capital expenditure of \$106,950,000, which does not include capitalized financing costs, will be specifically used to reduce the debt-financed portion of the project. The Applicants also agree that in the event that the actual capital expenditure exceeds this authorization, and in addition to the requirements of Stipulation 25 above, the Applicants will not request any long term debt financing increase to the sources of funding for the project.
- 28) Within sixty (60) days subsequent to completion of the project, the Applicants shall report the final project cost and total gross square footage of new construction and renovations to OHCA. The final project cost shall be reported in the format of **Attachment I** herein. In addition, SHS and TSH agree to file at project completion, a full and final equipment acquisition and reuse report demonstrating the cost and quantity of all equipment acquisitions and the reuse of existing equipment owned by SJMC.
- 29) The Applicants agree that total gross square footage broken down by location, by department/area and new versus renovated square footage shall be reported to OHCA within sixty (60) days of completion of the project. The Applicants further agree to file with the final gross square footage and of new construction and renovations, a cost per square foot listing for all services/departments as a result of the authorized project by new construction versus renovated cost per square foot.
- 30) SHS and TSH agree to file with OHCA, an actual revenue and expense statement in the format of **Attachment II** herein, which reflects the revenues and expenses specifically related to the project authorized herein. The fiscal years reflected should include FY 1999, FY 2000, FY 2001, FY 2002 and FY 2003 and shall be submitted to OHCA within sixty (60) days following the completion of each fiscal year. In addition, the Applicant agrees to file with OHCA in the same format and for the same time frame, an actual revenue and expense reduction statement related to the SHS's and TSH's current reengineering process.
- 31) The Applicants agree that the use of the contingency fund of \$7,092,791 related to the SHS and TSH new construction and renovations shall be restricted to expenses unforeseen at the time of the capital expenditure projections, and the notification of the use of such funds, exceeding \$250,000 per occurrence shall be submitted to OHCA within sixty (60) days of the incurrence of the expense. Unforeseeable expenses shall only be considered those expenses which are unexpected or unable to be anticipated at the time of this authorization.
- 32) TSH shall not establish any new outpatient revenue centers as a result of this project.


- 33) OHCA and the Applicants agree that the project authorized under Docket Number 98-503 will require a net revenue limit adjustment for FY 2000 and future fiscal years, for TSH for the incremental operating revenues, expenses, operating gain and volume statistics associated with this CON project, consistent with the projections shown in Attachment II herein. OHCA and the Applicants further agree that the project authorized under Docket Number 98-503 will not require any net revenue limit adjustment for SVMC as the project will not result in any operating revenues, expenses or volume statistics for SVMC.
- 34) The Applicants agrees that within sixty (60) days subsequent to receiving any necessary approvals of the Department of Public Health regarding the final plans and drawings, meeting the then current code requirements of the Department of Public Health, and prior to the commencement of new construction and renovations, the Applicants will provide for review by OHCA, the following;
- a) any revised total gross square feet of new construction and renovation; and
 - b) any revised capital expenditure amounts expected to be incurred on the project by major cost component;
- The Applicants further agrees that if this reporting indicates a change in the scope of the project or a cost overrun, that Stipulation #26 above will immediately become applicable, and the Applicants will abide by the terms of that Stipulation.
- 35) The total building gross square feet (GSF) of new construction shall not exceed 225,476 BGSF for TSH's outpatient services center and 119,372 BGSF for TSH's new patient pavilion on its main campus. The total GSF of renovated space for TSH shall not exceed 36,109 BGSF.
- 36) The Applicants shall obtain any further approvals of the Department of Public Health and all other local, state and federal agencies governing the construction, renovation and licensure of health care facilities and the Applicants agrees to report to OHCA within sixty (60) days of receiving such approvals.
- 37) This authorization shall expire on October 30, 1999, unless the Applicants present evidence to OHCA that the project as authorized herein has commenced by that date. Furthermore, this authorization shall expire on October 30, 2001 unless the Applicants presents evidence to OHCA that all components of the authorized proposal are completed by that date.

- 38) OHCA and the Applicants agree that this represents a final agreement between OHCA and the Applicants with respect to this request. The signing of this Agreed Settlement resolves all objections, claims and disputes which may have been raised by the Applicants with regard to Docket Number 98-503.
- 39) This Agreed Settlement is an Order of the Office of Health Care Access with all the rights and obligations attendant thereto, and OHCA may enforce this Agreed Settlement pursuant to the provisions of Sections 19a-642 and 19a-653, C.G.S., at the Applicant's expense, if the Applicants fails to comply with its terms.

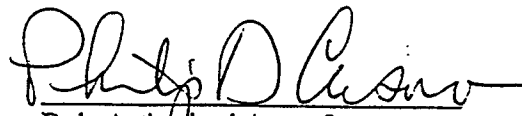
10-30-98
Date


Duly Authorized Agent for
The Stamford Hospital

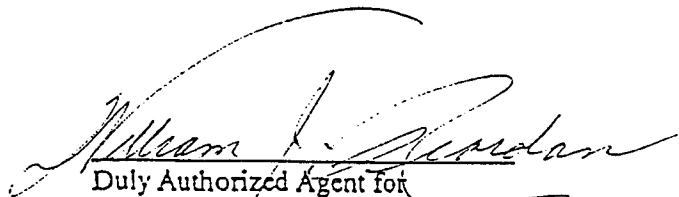
10-30-98
Date


Duly Authorized Agent for
Stamford Health System, Inc.

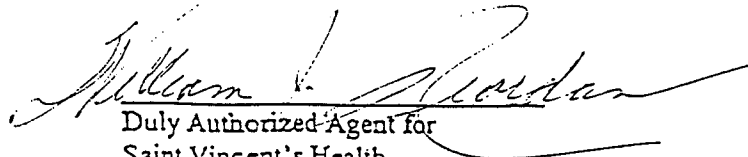
10-30-98
Date


Duly Authorized Agent for
Saint Joseph Medical Center, Inc.

10-30-98
Date

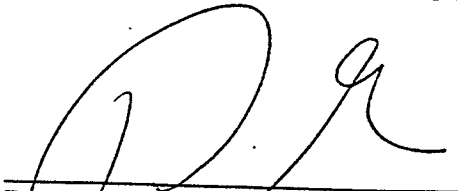

Duly Authorized Agent for
Saint Vincent's Medical Center

10-30-98
Date


Duly Authorized Agent for
Saint Vincent's Health
Service Corporation

The above Agreed Settlement is hereby accepted and so ordered by the Office of Health Care Access on October 30, 1998.

10/30/98
Date



Raymond J. Gorman
Commissioner
Office of Health Care Access

Attachments
w:\Cert\Pgrm_Svc\Decision\98503as

Stamford Health System
Master Plan Projects
In Current Dollars as of:

Jan-98

Item Designations	The Stamford Hospital New Construction			The Stamford Hospital Renovation			The Stamford Hospital Total Project			SVMC Campus New Bldg Construction			SVMC Campus Parking Structure			SVMC Campus Total Project			Total All Projects		
1 Building Work Costs:																					
a. Contract manager		722,739			132,790			855,529			1,230,714			65,673			1,296,387				2,151,915
b. General Construction (including general conditions)		13,324,065			2,223,793			15,547,859			22,697,309			1,484,819			24,182,128				39,729,987
c. Plumbing		1,154,536			156,628			1,311,164			1,579,831			54,561			1,634,392				2,945,556
d. Heating, air cond., ventilation		3,098,704			615,013			3,713,718			4,435,058			11,883			4,447,541				8,161,259
e. Electrical Work		2,444,636			599,284			3,043,919			3,607,860			103,981			3,711,841				6,755,760
f. Elevators		366,915			0			366,915			504,717			109,912			614,629				981,545
g. Fire Protection		330,107			31,507			361,614			654,653			139,970			794,623				1,156,237
h. Other building work (attach an itemized list of costs)		0			0			0			0			0			0				0
1. TOTAL BUILDING WORK COSTS		\$21,441,703			\$3,759,015			\$25,200,718			\$34,710,741			\$1,970,800			\$36,681,541				\$61,882,259
2 Site Work Costs:																					
a. Site Preparation (e.g. excavation, backfill, demolition)		473,559			239,143			712,702			1,350,748			41,185			1,391,934				2,104,636
b. Site development (e.g. paving, landscaping)		226,852			4,292			231,144			1,626,336			0			1,626,336				1,857,480
c. Utility connecting lines (in 1 Above)		0			0			0			0			0			0				0
d. Special use items (e.g. lights, fencing, controls, etc.) (in 2b Above)		0			0			0			0			0			0				0
e. TOTAL SITE WORK COSTS		\$700,411			\$243,435			\$943,846			\$2,977,084			\$41,185			\$3,018,270				\$3,962,116
3 Off-Site Work Costs:																					
a. Connecting lines to central utility plant or sewers (in Item 2)		0			0			0			0			0			0				0
b. Contract admin. and inspection		52,520			74,430			126,950			262,077			13,794			275,871				402,821
c. Surveys, tests and borings		34,780			0			34,780			71,060			3,740			74,800				109,580
d. Site engineering (in Item 7)		0			0			0			0			0			0				0
e. Other items (list & itemize costs)																					
Legal, Hazardous Material Survey, Filing, Marketing, Insurance, Security, Traffic Control, and Temporary Accommodations & Community Relations		352,032			48,004			400,036			1,306,907			68,785			1,375,692				1,775,728
Asbestos & Hazardous Materials Removal		0			50,431			50,431			1,592,250			0			1,592,250				1,642,681
1. TOTAL OFF-SITE WORK COSTS		\$439,332			\$172,865			\$612,197			\$3,232,294			\$86,319			\$3,318,613				\$7,810

**Stamford Health System
 Master Plan Projects
 In Current Dollars as of:**

Jan-98

Item Designations	The Stamford Hospital New Construction	The Stamford Hospital Renovation	The Stamford Hospital Total Project	SJMC Campus New Bldg Construction	SJMC Campus Parking Structure	SJMC Campus Total Project	Total All Projects
4 TOTAL CONSTRUCTION COSTS (Lines 11+2+3F)	\$22,581,446	\$4,175,315	\$26,756,761	\$40,920,120	\$2,098,304	\$43,018,423	\$69,775,184
5 Fixed Equipment (attach an itemized list and use the fair market value, if leased.)	1,127,359	3,006,263	4,133,622	6,470,665	57,500	6,528,165	10,661,787
6 Movable Equipment (in item 5) Furnishings	608,223	0	608,223	1,703,353	0	1,703,353	2,311,576
7 Architectural & Engineering Costs:							
a. Architect's basic fee includes: Reimbursable expenses, Engineering (Civil, Mechanical, Electrical, Transportation and Structural) Audio/Visual, Landscape Architecture, Materials Management, and Kitchen Consultant	2,315,588	315,762	2,631,350	3,930,494	185,207	4,115,701	6,747,051
b. Contract administration and inspection	0	0	0	0	0	0	0
c. Surveys, tests and borings	59,890	8,340	68,230	149,682	7,878	157,560	225,790
d. Site Engineering (in 7a)	0	0	0	0	0	0	0
e. Other items (list & itemize costs) Preconstruction CM services	212,245	23,702	235,947	297,416	14,125	311,541	547,488
f. TOTAL ARCH. & ENG. COSTS	2,587,723	347,804	2,935,527	4,377,592	207,210	4,584,802	7,520,329
8 TOTAL CONSTRUCTION COSTS, FIXED AND MOVABLE EQUIPMENT, AND ARCH. AND ENG. COSTS (Lines 4+5+6+7f)	\$26,904,751	\$7,529,382	\$34,434,133	\$53,471,730	\$2,363,014	\$55,834,743	\$90,268,876
9 Contingency Costs:							
a. Contingency costs related to building work	1,644,261	371,105	2,015,366	2,817,563	149,409	2,966,972	4,982,338
b. Other contingency costs (list and itemize costs) Owner's Contingency	675,345	168,836	844,181	1,202,958	63,314	1,266,272	2,110,453
c. TOTAL CONTINGENCY COSTS	\$2,319,606	\$539,941	\$2,859,547	\$4,020,521	\$212,723	\$4,233,244	\$7,179,191

Stamford Health System
Master Plan Projects
 In Current Dollars as of:

Jan-98

Item Designations	The Stamford Hospital New Construction	The Stamford Hospital Renovation	The Stamford Hospital Total Project	SJMC Campus New Bldg Construction	SJMC Campus Parking Structure	SJMC Campus Total Project	Total All Projects
10 Land acquisition	0	0	0	240,350	12,650	253,000	253,000
11 Building(s) Acquisition (use the fair market value, if leased)	0	0	0	0	0	0	0
12 Works of Art	88,724	8,872	97,596	207,022	0	207,022	304,618
13 Other costs (list and itemize)	0	0	0	0	0	0	0
14 14.TOTAL ESTIMATED CURRENT CAPITAL COSTS (LINES 8 THROUGH 13)	\$29,313,081	\$8,078,195	\$37,391,276	\$57,939,623	\$2,508,387	\$60,528,009	\$97,919,285
15 Inflation Adjustment (Const Cost x 5% Inflation Factor to midpoint of construction period. Other costs include Inflation)	1,027,663	185,552	1,213,216	1,749,119	93,381	1,842,500	3,055,715
16 TOTAL ESTIMATED INFLATED CAPITAL COSTS (Lines 14 +15)	30,340,744	8,263,747	38,604,491	59,688,742	2,681,767	62,370,509	100,975,001
17 Capitalized Financing Costs:							
a. Net Interest during construction	\$ 1,958,818	\$ 267,112	\$ 2,225,930	\$ 3,307,504	\$ 174,079	\$ 3,481,583	\$ 5,707,513
b. Underwriting discount	0	0	0	0	0	0	0
c. Bond issuance costs	754,851	102,834	857,685	1,274,581	67,083	1,341,664	2,199,449
d. Legal fees (related to obtaining financing only)	68,829	9,386	78,215	116,219	6,117	122,336	200,551
e. Consultant fees (related to obtaining financing only)	0	0	0	0	0	0	0
f. Other items (list and itemize costs)	0	0	0	0	0	0	0
9. TOTAL CAPITALIZED FINANCING COSTS	\$2,782,498	\$379,432	\$3,161,930	\$4,698,304	\$247,279	\$4,945,583	\$8,107,513
18 TOTAL CAP. EXPENDITURE, WHICH INCLUDES CAPITALIZED FINANCING COSTS (Lines 16+17g)	\$33,123,242	\$8,643,179	\$41,766,421	\$64,387,046	\$2,929,046	\$67,316,092	\$109,082,514

**Proposed Capital Expenditure specific to the proposed
purchase of SVMC's ownership interest in SJMC by SHS**

\$7,000,000

Proposed Capital Expenditure specific to proposed renovations at SVMC by SVMC:

Total Building Work Costs	\$2,000,000
Movable Equipment	\$ 280,000
Architectural and Engineering Costs	\$ 200,000
Contingency Costs	\$ 200,000
Inflation Adjustment	\$ 80,000
Proposed Capital Expenditure	<u>\$2,760,000</u>
Capitalized Financing Costs	\$ 0
Total Proposed Capital Expenditure	<u>\$2,760,000</u>

Proposed Capital Expenditure for entire project	\$110,734,514
Capitalized Expenditures	<u>\$ 8,108,000</u>
Total Proposed Capital Expenditure for entire project:	\$118,842,514

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Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
Without the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY ASSOCIATED WITHOUT THE CONPROPOSAL

131

	FY08	FY09	FY01	FY02
1				
2	107,805,336	111,101,295	117,067,164	121,400,363
3	104,407,501	107,693,500	114,434,025	117,367,046
4	212,353,926	218,778,604	222,301,389	230,170,433
5	61,425,472	62,268,238	67,124,272	69,134,910
6	14,723,101	15,161,787	16,085,153	16,567,705
7	2,541,192	2,610,488	2,778,015	2,862,345
8	17,261,383	17,761,284	18,844,166	19,430,600
9	4,816,371	4,756,072	5,049,619	5,104,817
10	15,512,541	16,067,917	16,723,153	17,338,028
11	0	0	0	0
12	40,394,205	41,646,124	44,130,931	45,484,333
13	101,419,787	104,674,260	111,261,229	114,599,046
14	116,336,156	113,832,244	121,040,189	124,871,288
15	58,041,753	60,723,075	64,511,037	67,624,397
16	59,314,173	60,063,548	64,336,117	67,307,003
17	4,004,206	4,120,485	4,386,571	4,512,400
18	114,544,388	117,381,729	123,427,451	126,183,786
19	47,690,046	49,430,422	52,045,401	53,604,506
20	6,740,523	6,942,800	7,151,085	7,366,506
21	6,468,030	6,619,927	6,836,617	7,004,506
22	1,346,117	1,388,560	1,436,854	1,471,301
23	11,480,041	11,783,101	12,123,123	12,471,317
24	22,679,342	24,331,107	25,100,794	25,802,822
25	1,025,026	1,030,104	1,087,107	1,132,179
26	2,530,141	2,615,313	2,774,518	2,857,828
27	1,980,640	1,983,160	2,100,631	2,218,112
28	0	0	0	0
29	1,990,649	1,919,169	2,130,601	2,248,112
30	2,173,003	2,669,374	3,068,637	4,166,036
31	5,070,339	5,285,455	4,002,379	4,724,841
32	7,243,342	7,658,029	8,500,866	9,091,827
33	1,637,328	2,035,423	1,972,104	1,947,328
34	110,952,312	119,358,143	126,041,410	128,875,764
35	552,766	1,378,414	67,025	1081,068
36	2,800,300	2,684,000	3,068,637	3,151,425
37	3,352,785	1,507,556	2,440,377	2,459,457
38	1,177,177	1,177,177	1,177,177	1,177,177
39	13,507	13,507	13,507	13,507
40	65,137	65,137	65,137	65,137
41	0	0	0	0
42	0	0	0	0
43	0	0	0	0
44	0	0	0	0
45	0	0	0	0
46	0	0	0	0
47	0	0	0	0

Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
Incremental to the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY INCREMENTAL ASSOCIATED WITH THE CON PROPOSAL

ISII

	FY01	FY02	FY03	FY04	FY05
1 Govt Gross Patient Revenue	0	38,182,039	31,215,513	24,461,306	0,418,177
2 Non Govt Gross Patient Revenue	0	10,331,686	6,570,347	132,587	14,100,288
3 TOTAL GROSS PATIENT REVENUE	0	48,513,725	37,785,860	24,593,893	14,308,591
4 Govt Deductions from Gross Revenue	0	22,186,409	14,585,507	10,307,182	7,322,124
5 Net Bad Debt	0	2,844,088	1,755,066	1,250,375	634,037
6 Free Care	0	803,583	424,270	390,666	200,904
7 TOTAL UNCOMPENSATED CARE	0	2,987,632	2,160,225	1,865,041	534,971
8 Non Govt Contracted Allowances	0	437,550	37,450	(1,037,525)	(1,372,632)
9 Other Contracted Allowances	0	2,753,041	2,361,814	1,732,102	1,330,558
10 TOTAL NON-GOV'T DEDUCTIONS FROM GROSS REVENUE	0	6,243,831	4,578,580	2,387,616	893,897
11 TOTAL PAYMENTS	0	20,432,240	9,165,380	12,814,818	7,692,021
12 Independent Gross Revenue	0	11,281,465	8,620,034	11,919,463	8,441,068
13 Other Operating Revenue	0	13,552,094	32,787,933	21,691,309	12,328,632
14 Revenue from Quarters	0	5,121,838	5,244,850	2,357,239	2,302,221
15 Non-Physician Salaries	0	9,341,425	17,550,872	10,653,482	5,477,468
16 Physician Salaries	0	6,464,181	5,263,478	918,647	(2,374,559)
17 Fringe Benefits - Non-Physicians	0	2,030,238	2,101,432	2,081,415	1,992,129
18 Fringe Benefits - Physicians	0	1,155,015	431,751	(347,640)	(474,014)
19 Other Supply & Drug	0	607,851	420,098	412,233	391,426
20 Physician Fees	0	10,373,090	3,372,874	4,443,869	(2,166,679)
21 Maintenance Insurance	0	0	0	0	0
22 Leases - Annual	0	0	0	0	0
23 Leases - Multi-Year	0	0	0	178,916	558,519
24 TOTAL LEASES	0	0	0	178,916	558,519
25 Departmental Depreciation	0	586,619	591,397	778,376	558,510
26 Plant Depreciation	0	0	278,558	948,657	1,257,123
27 TOTAL DEPRECIATION	0	586,619	869,955	1,232,230	2,104,024
28 Interest	0	164,502	151,958	2,180,256	3,362,153
29 Expense Recoveries (enter as negative)	0	0	0	1,024,915	1,006,871
30 TOTAL NET OPERATING EXPENSES	0	25,155,832	13,221,533	9,916,129	3,187,306
31 Gain/Loss from Operations	0	(1,814,493)	4,315,339	742,803	2,250,167
32 Non-Operating Revenue	0	(84,000)	(170,520)	(250,630)	(351,425)
33 REVENUE OVER/UNDER EXPENSES	0	(1,898,493)	4,144,819	(82,727)	1,901,732
34 Full Time Employees	0	228.3	186.2	39.5	(6.2)
35 Outpatients	0	0	2,088	2,559	2,123
36 Inpatient Days	0	16,993	12,211	7,891	3,827
37 Gross Med Index	0	0	0	0	0
38 Other Statistics	0	0	0	0	0

Summary of Revenue, Expense and Volume Statistics
The Stamford Hospital
With the Project

PROJECTED REVENUE, EXPENSES AND STATISTICS
TOTAL FACILITY ASSOCIATED WITH THE CONSTRUCTION

	FY08	FY09	FY10	FY11	FY12
1 Gov't Gross Patient Revenue	107,065,339	149,253,334	115,640,817	142,378,970	130,872,362
2 Non-Gov't Gross Patient Revenue	101,490,501	148,158,086	117,611,382	141,563,692	119,168,758
3 TOTAL GROSS PATIENT REVENUE	212,555,840	297,411,420	233,252,200	283,942,662	250,041,120
4 Total Deductions from Gross Revenue	81,425,477	95,458,845	10,751,700	77,423,464	73,257,034
5 Net Bad Debt	14,720,491	17,545,085	7,372,500	17,444,246	17,201,742
6 Food Cost	2,540,102	3,223,051	3,122,342	3,143,660	3,093,319
7 TOTAL INCOMPENSATED CARE	17,263,303	20,768,016	20,454,913	20,536,204	20,265,061
8 Non-Gov't Contractual Allowances	4,611,371	5,254,481	4,217,120	1,016,004	3,024,585
9 IMO Contractual Allowances	16,512,541	11,826,558	22,201,629	21,40,255	21,870,586
10 Other Contractual Allowances	0	0	0	0	0
11 TOTAL NON-GOV'T DEDUCTIONS FROM G.R.	48,334,235	47,849,095	47,431,897	44,502,555	45,481,032
12 TOTAL DEDUCTIONS FROM GROSS REVENUE	107,819,767	133,307,940	127,183,807	123,926,016	121,216,066
13 TOTAL PAYMENTS	110,516,159	134,133,729	136,135,872	133,959,843	131,421,254
14 Inpatient Gross Revenue	94,041,753	204,315,005	158,132,694	191,028,406	181,066,010
15 Outpatient Gross Revenue	58,314,173	63,823,234	64,868,585	63,687,258	65,684,319
16 Other Operating Revenue	4,000,209	3,183,423	3,180,408	3,125,030	3,240,000
17 Revenue from Operations	114,545,388	137,321,651	139,121,590	137,839,643	134,081,254
18 Non-Physician Salaries	67,340,449	55,175,034	52,911,137	49,096,524	51,231,036
19 Physician Salaries	6,740,583	8,382,859	9,257,617	9,427,812	8,678,715
20 Fringe Benefits - Non-Physicians	8,468,650	11,035,007	10,183,876	9,948,303	10,240,387
21 Fringe Benefits - Physicians	1,348,117	1,783,411	1,650,303	1,885,496	1,915,743
22 Other Supply & Drug	11,440,051	11,783,201	12,136,607	12,500,790	12,815,822
23 Physician Fees	22,311,543	30,444,878	27,302,237	28,759,634	24,311,345
24 Medical Insurance	1,045,920	1,030,104	1,067,187	1,090,263	1,122,170
25 Medical - Annual	2,520,141	2,415,313	2,683,775	2,774,540	2,857,820
26 Leases - Multi-Year	9,391,649	1,919,169	2,156,814	1,402,315	2,804,831
27 TOTAL LEASES	1,990,443	1,919,169	2,156,814	1,402,315	2,804,831
28 Departmental Depreciation	2,171,803	3,256,297	3,068,093	4,647,334	5,424,365
29 Plant Depreciation	5,073,238	5,285,651	5,414,221	6,114,958	6,829,815
30 TOTAL DEPRECIATION	7,245,041	8,541,948	8,482,314	10,762,292	12,254,180
31 Interest	1,837,326	2,196,926	2,157,024	2,907,810	3,333,597
32 Expense Recoveries (order as negative)	0	0	0	0	0
33 TOTAL NET OPERATING EXPENSES	131,063,167	135,528,751	131,614,425	131,581,935	131,042,068
34 Total (Loss) from Operations	1,490,207	1,794,407	7,810,525	4,193,006	1,619,184
35 Non-Operating Revenue	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
36 REVENUE OVER (UNDER) EXPENSES	4,200,201	4,594,407	10,610,555	7,206,006	4,119,194
37 Total Time Expenditures	1,177,900	1,365,600	1,281,500	1,151,300	1,151,300
38 Net Charges	13,507	16,925	16,405	16,405	15,036
39 Patient Days	55,137	82,130	77,348	73,118	68,384
40 Case Mix Index	0	0	0	0	0
41 Other Statistics	0	0	0	0	0
42	0	0	0	0	0

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Stamford Health

2005 APR 27 PM 12:49

CONNECTICUT OFFICE OF
HEALTH CARE ACCESSShelburne Road @ West Broad Street
Stamford, CT 06902Telephone: 203-276-7502
Facsimile: 203-276-5529**Fax****To:** HON. CRISTINE A. VOGEL**Date:** 04/27/2005**Company:****Fax #:** (860) 418-7053**Phone:****From:** DAVID SMITH**Re:** ST. JOSEPH's FAMILY LIFE CENTER**Pages:** 2 (including cover)☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle****• Comments:**

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30 Shelburne Road
P.O. Box 9317
Stamford, CT 06904-9317
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www.stamhealth.org

April 26, 2005

VIA FACSIMILE & U.S. MAIL

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P. O. Box 340308
Hartford, CT 06134-0308

Re: Proposed closure of St. Joseph's Family Life Center in Stamford
Certificate of Need Determination, Docket No.: 05-30457-DTR

Dear Commissioner Vogel:

The Stamford Hospital ("TSH") has recently become aware of the above-referenced Certificate of Need Determination Request filed by St. Vincent's Medical Center. As the Office of Health Care Access is aware, TSH and the Stamford Health System, Inc. ("SHS") were parties to the Agreed Settlement under Docket No.: 98-503 which created the St. Joseph's Family Life Center ("SJFLC") as part of the transaction that resulted in SHS purchasing St. Vincent's ownership interests in the former St. Joseph's Medical Center. TSH has reviewed the CON Determination Request and the responses to OHCA's follow-up questions, and takes issue with various statements that St. Vincent's has made therein. In addition, as the sole acute care hospital serving the City of Stamford, TSH has obvious concerns regarding the potential closure of SJFLC and any plan of transition for its patients.

Accordingly, TSH respectfully requests the opportunity to outline its position with respect to the CON Determination Request through a more detailed letter that will be provided to OHCA by Friday, May 6th, 2005. Until that time, we would ask that OHCA please not act on this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'David L. Smith'.

David L. Smith

cc: Brian G. Grissler, President and CEO, The Stamford Hospital
 Susan L. Davis, President and CEO, St. Vincent's Medical Center
 Karen Roberts, Compliance Officer, OHCA

April 26, 2005

VIA FACSIMILE & U.S. MAIL

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P. O. Box 340308
Hartford, CT 06134-0308

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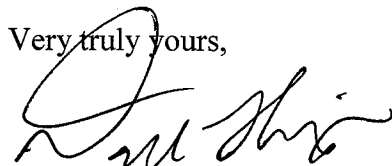
**Re: Proposed closure of St. Joseph's Family Life Center in Stamford
Certificate of Need Determination, Docket No.: 05-30457-DTR**

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Very truly yours,



David L. Smith

cc: Brian G. Grissler, President and CEO, The Stamford Hospital
Susan L. Davis, President and CEO, St. Vincent's Medical Center
Karen Roberts, Compliance Officer, OHCA

**JEFFERS & IRELAND
PROFESSIONAL CORPORATION**

55 WALLS DRIVE, FAIRFIELD, CT 06824
PHONE: (203) 259-7900 ♦ FAX: (203) 259-1070
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FACSIMILE TRANSMITTAL SHEET

TO:	Hon. Cristine A. Vogel	FACSIMILE NO.:	(860) 418-7053
CC:	Brian G. Grissler David L. Smith Debra R. Cardinali, Esq. Karen Roberts	FACSIMILE NO.:	(203) 276-5529 (203) 276-5529 (203) 226-8025 (860) 418-7053
FROM:	Stephen M. Cowherd	DATE:	5/10/2005
RE:	St. Joseph Family Life Center Docket No.: 05-30457-DTR	TOTAL NO. OF PAGES INCLUDING COVER:	6

NOTES/COMMENTS:

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May 10, 2005

VIA FACSIMILE AND FEDERAL EXPRESS

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P. O. Box 340308
Hartford, CT 06134-0308

Re: St. Joseph Family Life Center, Docket No.: 05-30457-DTR

Dear Commissioner Vogel:

This letter follows up on David Smith's correspondence of April 28, 2005 concerning various disagreements that The Stamford Hospital ("TSH") has with the pending Certificate of Need Determination Request filed by St. Vincent's Medical Center ("St. Vincent's").

Although both St. Vincent's and TSH are parties to the Agreed Settlement that established the St. Joseph Family Life Center ("SJFLC"), communications between the two hospitals regarding St. Vincent's unilateral decision to terminate the clinic's services have not been extensive. The first communication on this subject occurred in November, 2004 when St. Vincent's desire to close the SJFLC was the subject of brief remarks that Susan Davis, St. Vincent's President and CEO, made to Brian Grissler, TSH's President and CEO, at the end of a meeting that the two had attended on other business matters.

TSH learned that St. Vincent's had taken official steps to carry out its plan approximately four months later at a meeting called by St. Vincent's on February 2, 2005 which a TSH representative attended. There, it was announced that St. Vincent's Board of Directors had voted to close the facility. The reasons for closure given at the meeting were that SJFLC's lease was going to expire in November, 2005 and the clinic was providing services outside St. Vincent's primary service area.

To respond to this development, Mr. Grissler spoke with Ms. Davis by telephone. In this conversation, Mr. Grissler expressed TSH's concerns regarding the impact that closure of the clinic, which treats a 100% uninsured population, including 350 high-risk patients, would have on TSH and the local health care delivery system. Mr. Grissler also informed Ms. Davis that TSH viewed the Agreed Settlement issued under OHCA Docket Number

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Hon. Cristine A. Vogel
May 10, 2005
Page 2

98-503 as creating an ongoing obligation for both hospitals to financially support the SJFLC through November, 2005 and beyond even if a relocation of the clinic proved necessary, and that these obligations were terminable only by OHCA through the CON process. Finally, after assuring St. Vincent's of TSH's continued rental support, Mr. Grissler asked that TSH be provided with an accounting of the \$3 million that TSH had paid to St. Vincent's for support of the SJFLC's operations.

St. Vincent's never responded to TSH's offer of continued rent support or the request for an accounting. On March 17, 2005, it sought the present the CON Determination in anticipation of terminating the SJFLC's operations as of November 29, 2005. In its letter seeking this Determination, St. Vincent's counsel states that closing the SJFLC is necessary because "[t]o continue operations of the Center beyond the current lease term would cause considerable additional expense to St. Vincent's since it would have to absorb all rental costs and relocate." See Letter from St. Vincent's counsel dated March 17, 2005 ("March 17 Letter") at p. 3. As noted above, TSH is willing to continue paying the rental costs for the clinic and share in any relocation expenses.

We respectfully request that OHCA subject this matter to full CON review so TSH and other interested parties can have the opportunity to be heard before any decision to close the SJFLC is made. The specific reasons why TSH believes this matter is subject to OHCA's CON jurisdiction follow directly below.

A. St. Vincent's Cannot Modify the CON Without TSH's Participation

The first reason why OHCA should invoke the CON process in this matter is that Section 4-181a(b) of Connecticut Administrative Procedure Act requires that the agency follow the procedure for contested cases whenever a modification of a previously issued final decision is proposed. This procedure mandates that "[t]he party or parties who were subject of the original final decision . . . be notified of the proceeding and . . . be given the opportunity to participate in the proceeding" and that "[a]ny decision to reverse or modify a final decision shall make provision for the rights or privileges of any person who has been shown to have relied on such final decision." *Id.*

There is no question that the proposed closure of the SJFLC constitutes a modification of an OHCA final decision – the Agreed Settlement issued under Docket No. 98-503 – to which both TSH and the Stamford Health System ("SHS") are parties. The record is also clear that TSH and SHS joined with St. Vincent's in submitting the CON proposal to establish the SJFLC as part of the reconfiguration plan for health services in Stamford that accompanied the closure of the former St. Joseph's Medical Center. In addition, as described at pages 5 and 6 of the Agreed Settlement, SHS took on the following funding obligations directly related to the SJFLC:

- "SHS will provide the property at 587 Elm Street in Stamford SHS rent free for the proposed Family Life Center"; and

Hon. Cristine A. Vogel
May 10, 2005
Page 3

- "SHS will build/and or fit-up the space and lease it to SJMC for the Family Life Center on a long-term lease and in addition, SHS will at the time of closing provide a \$3,000,000 grant to support the Family Life Center, such grant to be deposited in a dedicated fund controlled by SVHS."

The correspondence St. Vincent's has provided to OHCA acknowledges both its receipt of the \$3 million in grant monies as well as the fact that SHS continues to provide the Center with rent-free space at the Elm Street location at a cost of \$204,000 per year. However, even beyond the substantial economic commitment TSH has made to the clinic, the paramount reason why TSH deserves an opportunity to be heard in any regulatory proceeding involving the SJFLC's future is that all of the 1,250 uninsured patients who would be displaced by its closing live in TSH's service area. This will most likely result in the same patients using the Hospital's Emergency Department and walk-in clinics, which are already overcrowded, as their substitute health care provider.

Clearly, a shift in patient volume like the one described above is worthy of CON review, especially when it promises to dramatically impact the resources of the City of Stamford's only acute care hospital. The SJFLC was and is an important component of the reconfigured health care delivery system for Stamford that SHS supported in the joint CON proposal and relied upon when entering into the Agreed Settlement. As such, OHCA should not allow only one party to the Agreed Settlement, namely St. Vincent's, to unilaterally modify its terms by dictating the circumstances under which the SJFLC may stop providing medical services to the community.

B. St. Vincent's Cannot Terminate SJFLC's Services Without a CON

As an outpatient clinic created by the CON process, the SJFLC should not cease operations until a CON is obtained pursuant to the service termination requirements of Section 19a-638(a)(3) of the Connecticut General Statutes. This seems obvious from the wording of Stipulation 20 of the Agreed Settlement which reads as follows:

The establishment and operation of the St. Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and will be located at 587 Elm Street in Stamford. Saint Joseph Family Life Center, Inc. which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.

The language above says nothing about the ability of St. Vincent's or any other party to the Agreed Settlement being able to terminate the services of the SJFLC without CON approval nor does it condition such a termination upon the happening of any specific

Hon. Cristine A. Vogel
May 10, 2005
Page 4

event – such as lapse of the SJFLC's lease. Although St. Vincent's has not provided OHCA with any information indicating that a new lease agreement cannot be negotiated for the 587 Elm Street property, TSH is confident that comparable space is available within the City of Stamford should relocation of the clinic prove necessary. Furthermore, SHS is already on record concerning its willingness to continue its rental support of the clinic and assist St. Vincent's with any relocation expenses.

It is undisputed that the SJFLC provides vital health care services to the indigent and working poor of Stamford. This medically underserved population was among those OHCA considered when it approved the joint CON Application that TSH and St. Vincent's submitted under Docket No. 98-503. Among other things, OHCA found that the hospitals' proposed reconfiguration plan would: i) be "consistent with the interests of consumers of health care services and the payers for such services" ii) "allow the Applicants and their corporate affiliates to improve the services currently offered, thereby improving the quality of health care delivery in the region"; iii) allow the Applicants to maintain the current level of accessibility of health care delivery in the region", and iv) "allow the Applicants' to maintain the cost-effectiveness of health care delivery in the region." See Agreed Settlement at p. 8.

The SJFLC helps assure that access to free and/or low-cost health care services is maintained for 1,250 uninsured patients in the City of Stamford. St. Vincent's cannot terminate its participation in the clinic by simply stating that it "believes that other resources in the Stamford community will be able to continue the services provided by the Center" and that "its resources would be better utilized in the community it primarily services – the greater Bridgeport area." See March 17 Letter at pps. 3-4. Instead, these and any other issues relating to the proposed closure of the facility should be subjected to formal CON review and the public hearing process before any decision to terminate the SJFLC's services is made.

Moreover, St. Vincent's was paid \$3 million by SHS to specifically support the services provided at SJFLC. Although the Agreed Settlement unambiguously states that this money was to be placed in a dedicated fund, St. Vincent's counsel states at page 2 of the March 17 correspondence that these funds can be used at St. Vincent's discretion and leaves it unclear as to whether they have in fact been spent solely for purposes of supporting the clinic. Documentation demonstrating the amount of these funds which has been spent and what funds are still available to support the SJFLC is another reason why OHCA's oversight of any proposed closure of the SJFLC would seem warranted.

C. The SJFLC Is Not A Physician's Practice Exempt from CON Review

Finally, OHCA should completely reject St. Vincent's strained attempt to portray the SJFLC as a physician practice whose activities are exempt from CON review. The very fact that St. Vincent's rather than any single physician or physician group is seeking the present CON Determination and proposing the termination of the SJFLC's services belies this claim.

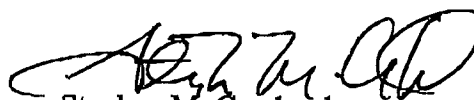
Hon. Cristine A. Vogel
May 10, 2005
Page 5

There is no question that the SJFLC was established pursuant to a CON submitted by St. Vincent's and TSH – two hospitals clearly subject to OHCA's regulation. No private physician practice was involved. In addition, Stipulation 20 of the Agreed Settlement makes clear that the SJFLC was always intended by OHCA and the parties to be a St. Vincent's subsidiary operating under a separate license. That St. Vincent's subsequently chose to structure the SJFLC as a captive limited liability company providing services under the licenses of its physician employees for purposes of efficiency and cost control (see March 17 Letter at pps. 2-3) does nothing to change the clinic's essential character. Indeed, St. Vincent's admits, as it must, that although a physician employee of the hospital is the nominal holder of the membership interest in the SJFLC, it still controls the facility through the SJFLC's Operating Agreement and its employment arrangement with the physician. See March 17 Letter at p. 5.

OHCA should not allow a highly-technical argument such as the one St. Vincent's counsel asserts under C.G.S. § 19a-630a to lead to the conclusion that the closure of an outpatient clinic that serves 1,250 uninsured patients is beyond its CON jurisdiction. It would make no sense to allow St. Vincent's failure to follow OHCA's directive to obtain a separate license for the SJFLC to serve as the very basis by which it can now disclaim that the SJFLC is a "health-care-related person" and thus not an "affiliate" of its hospital for CON purposes. Such a ruling by OHCA would be the ultimate triumph of a "form over substance" legal argument and clearly wrong as a matter of both principle and regulatory precedent. The simple truth is that SJFLC is fully staffed by St. Vincent's employees and accounted for as a hospital department on St. Vincent's books and records as well as the annual filings it has made with OHCA. See Letter from St. Vincent's counsel dated April 1, 2005.

Accordingly, for all the reasons set forth above, there is no merit to St. Vincent's argument that the closure of the SJFLC is exempt from CON review and TSH respectfully urges OHCA to reach the same conclusion. We thank OHCA for the opportunity to present TSH's views on this important issue and please do not hesitate to call me or David Smith at (203) 276-7510 should you have any questions.

Respectfully submitted,



Stephen M. Cowherd

SMC: sc

cc: Brian G. Grissler, President and Chief Executive Officer, TSH (via fax only)
David L. Smith, Senior Vice President, Strategy and Market Development, TSH (via fax only)
Debra R. Cardinali, Esq., Levett Rockwood, Counsel for St. Vincent's (via fax and US Mail)
Karen Roberts, Compliance Officer, OHCA (via fax only)

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May 10, 2005

VIA FACSIMILE AND FEDERAL EXPRESS

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P. O. Box 340308
Hartford, CT 06134-0308

Re: St. Joseph Family Life Center, Docket No.: 05-30457-DTR

Dear Commissioner Vogel:

This letter follows up on David Smith's correspondence of April 28, 2005 concerning various disagreements that The Stamford Hospital ("TSH") has with the pending Certificate of Need Determination Request filed by St. Vincent's Medical Center ("St. Vincent's").

Although both St. Vincent's and TSH are parties to the Agreed Settlement that established the St. Joseph Family Life Center ("SJFLC"), communications between the two hospitals regarding St. Vincent's unilateral decision to terminate the clinic's services have not been extensive. The first communication on this subject occurred in November, 2004 when St. Vincent's desire to close the SJFLC was the subject of brief remarks that Susan Davis, St. Vincent's President and CEO, made to Brian Grissler, TSH's President and CEO, at the end of a meeting that the two had attended on other business matters.

TSH learned that St. Vincent's had taken official steps to carry out its plan approximately four months later at a meeting called by St. Vincent's on February 2, 2005 which a TSH representative attended. There, it was announced that St. Vincent's Board of Directors had voted to close the facility. The reasons for closure given at the meeting were that SJFLC's lease was going to expire in November, 2005 and the clinic was providing services outside St. Vincent's primary service area.

To respond to this development, Mr. Grissler spoke with Ms. Davis by telephone. In this conversation, Mr. Grissler expressed TSH's concerns regarding the impact that closure of the clinic, which treats a 100% uninsured population, including 350 high-risk patients, would have on TSH and the local health care delivery system. Mr. Grissler also informed Ms. Davis that TSH viewed the Agreed Settlement issued under OHCA Docket Number

98-503 as creating an ongoing obligation for both hospitals to financially support the SJFLC through November, 2005 and beyond even if a relocation of the clinic proved necessary, and that these obligations were terminable only by OHCA through the CON process. Finally, after assuring St. Vincent's of TSH's continued rental support, Mr. Grissler asked that TSH be provided with an accounting of the \$3 million that TSH had paid to St. Vincent's for support of the SJFLC's operations.

St. Vincent's never responded to TSH's offer of continued rent support or the request for an accounting. On March 17, 2005, it sought the present the CON Determination in anticipation of terminating the SJFLC's operations as of November 29, 2005. In its letter seeking this Determination, St. Vincent's counsel states that closing the SJFLC is necessary because "[t]o continue operations of the Center beyond the current lease term would cause considerable additional expense to St. Vincent's since it would have to absorb all rental costs and relocate." See Letter from St. Vincent's counsel dated March 17, 2005 ("March 17 Letter") at p. 3. As noted above, TSH is willing to continue paying the rental costs for the clinic and share in any relocation expenses.

We respectfully request that OHCA subject this matter to full CON review so TSH and other interested parties can have the opportunity to be heard before any decision to close the SJFLC is made. The specific reasons why TSH believes this matter is subject to OHCA's CON jurisdiction follow directly below.

A. St. Vincent's Cannot Modify the CON Without TSH's Participation

The first reason why OHCA should invoke the CON process in this matter is that Section 4-181a(b) of Connecticut Administrative Procedure Act requires that the agency follow the procedure for contested cases whenever a modification of a previously issued final decision is proposed. This procedure mandates that "[t]he party or parties who were subject of the original final decision . . . be notified of the proceeding and . . . be given the opportunity to participate in the proceeding" and that "[a]ny decision to reverse or modify a final decision shall make provision for the rights or privileges of any person who has been shown to have relied on such final decision." *Id.*

There is no question that the proposed closure of the SJFLC constitutes a modification of an OHCA final decision – the Agreed Settlement issued under Docket No. 98-503 – to which both TSH and the Stamford Health System ("SHS") are parties. The record is also clear that TSH and SHS joined with St. Vincent's in submitting the CON proposal to establish the SJFLC as part of the reconfiguration plan for health services in Stamford that accompanied the closure of the former St. Joseph's Medical Center. In addition, as described at pages 5 and 6 of the Agreed Settlement, SHS took on the following funding obligations directly related to the SJFLC:

- "SHS will provide the property at 587 Elm Street in Stamford SHS rent free for the proposed Family Life Center"; and

- “SHS will build/and or fit-up the space and lease it to SJMC for the Family Life Center on a long-term lease and in addition, SHS will at the time of closing provide a \$3,000,000 grant to support the Family Life Center, such grant to be deposited in a dedicated fund controlled by SVHS.”

The correspondence St. Vincent's has provided to OHCA acknowledges both its receipt of the \$3 million in grant monies as well as the fact that SHS continues to provide the Center with rent-free space at the Elm Street location at a cost of \$204,000 per year. However, even beyond the substantial economic commitment TSH has made to the clinic, the paramount reason why TSH deserves an opportunity to be heard in any regulatory proceeding involving the SJFLC's future is that all of the 1,250 uninsured patients who would be displaced by its closing live in TSH's service area. This will most likely result in the same patients using the Hospital's Emergency Department and walk-in clinics, which are already overcrowded, as their substitute health care provider.

Clearly, a shift in patient volume like the one described above is worthy of CON review, especially when it promises to dramatically impact the resources of the City of Stamford's only acute care hospital. The SJFLC was and is an important component of the reconfigured health care delivery system for Stamford that SHS supported in the joint CON proposal and relied upon when entering into the Agreed Settlement. As such, OHCA should not allow only one party to the Agreed Settlement, namely St. Vincent's, to unilaterally modify its terms by dictating the circumstances under which the SJFLC may stop providing medical services to the community.

B. St. Vincent's Cannot Terminate SJFLC's Services Without a CON

As an outpatient clinic created by the CON process, the SJFLC should not cease operations until a CON is obtained pursuant to the service termination requirements of Section 19a-638(a)(3) of the Connecticut General Statutes. This seems obvious from the wording of Stipulation 20 of the Agreed Settlement which reads as follows:

The establishment and operation of the St. Joseph Family Life Center is approved. The Family Life Center may be operated by and licensed under a wholly owned subsidiary of SVMC. The Family Life Center will provide non-medical and medical services, including dental services in the form of a primary care clinic for adults and will be located at 587 Elm Street in Stamford. Saint Joseph Family Life Center, Inc. which will be a wholly owned subsidiary of SVHS, will seek and hold the license for the Family Life Center, as an outpatient clinic.

The language above says nothing about the ability of St. Vincent's or any other party to the Agreed Settlement being able to terminate the services of the SJFLC without CON approval nor does it condition such a termination upon the happening of any specific

event – such as lapse of the SJFLC's lease. Although St. Vincent's has not provided OHCA with any information indicating that a new lease agreement cannot be negotiated for the 587 Elm Street property, TSH is confident that comparable space is available within the City of Stamford should relocation of the clinic prove necessary. Furthermore, SHS is already on record concerning its willingness to continue its rental support of the clinic and assist St. Vincent's with any relocation expenses.

It is undisputed that the SJFLC provides vital health care services to the indigent and working poor of Stamford. This medically underserved population was among those OHCA considered when it approved the joint CON Application that TSH and St. Vincent's submitted under Docket No. 98-503. Among other things, OHCA found that the hospitals' proposed reconfiguration plan would: i) be "consistent with the interests of consumers of health care services and the payers for such services" ii) "allow the Applicants and their corporate affiliates to improve the services currently offered, thereby improving the quality of health care delivery in the region"; iii) allow the Applicants to maintain the current level of accessibility of health care delivery in the region", and iv) "allow the Applicants' to maintain the cost-effectiveness of health care delivery in the region." See Agreed Settlement at p. 8.

The SJFLC helps assure that access to free and/or low-cost health care services is maintained for 1,250 uninsured patients in the City of Stamford. St. Vincent's cannot terminate its participation in the clinic by simply stating that it "believes that other resources in the Stamford community will be able to continue the services provided by the Center" and that "its resources would be better utilized in the community it primarily services – the greater Bridgeport area." See March 17 Letter at pps. 3-4. Instead, these and any other issues relating to the proposed closure of the facility should be subjected to formal CON review and the public hearing process before any decision to terminate the SJFLC's services is made.

Moreover, St. Vincent's was paid \$3 million by SHS to specifically support the services provided at SJFLC. Although the Agreed Settlement unambiguously states that this money was to be placed in a dedicated fund, St. Vincent's counsel states at page 2 of the March 17 correspondence that these funds can be used at St. Vincent's discretion and leaves it unclear as to whether they have in fact been spent solely for purposes of supporting the clinic. Documentation demonstrating the amount of these funds which has been spent and what funds are still available to support the SJFLC is another reason why OHCA's oversight of any proposed closure of the SJFLC would seem warranted.

C. The SJFLC Is Not A Physician's Practice Exempt from CON Review

Finally, OHCA should completely reject St. Vincent's strained attempt to portray the SJFLC as a physician practice whose activities are exempt from CON review. The very fact that St. Vincent's rather than any single physician or physician group is seeking the present CON Determination and proposing the termination of the SJFLC's services belies this claim.

There is no question that the SJFLC was established pursuant to a CON submitted by St. Vincent's and TSH – two hospitals clearly subject to OHCA's regulation. No private physician practice was involved. In addition, Stipulation 20 of the Agreed Settlement makes clear that the SJFLC was always intended by OHCA and the parties to be a St. Vincent's subsidiary operating under a separate license. That St. Vincent's subsequently chose to structure the SJFLC as a captive limited liability company providing services under the licenses of its physician employees for purposes of efficiency and cost control (*see* March 17 Letter at pps. 2-3) does nothing to change the clinic's essential character. Indeed, St. Vincent's admits, as it must, that although a physician employee of the hospital is the nominal holder of the membership interest in the SJFLC, it still controls the facility through the SJFLC's Operating Agreement and its employment arrangement with the physician. *See* March 17 Letter at p. 5.

OHCA should not allow a highly-technical argument such as the one St. Vincent's counsel asserts under C.G.S. § 19a-630a to lead to the conclusion that the closure of an outpatient clinic that serves 1,250 uninsured patients is beyond its CON jurisdiction. It would make no sense to allow St. Vincent's failure to follow OHCA's directive to obtain a separate license for the SJFLC to serve as the very basis by which it can now disclaim that the SJFLC is a "health-care-related person" and thus not an "affiliate" of its hospital for CON purposes. Such a ruling by OHCA would be the ultimate triumph of a "form over substance" legal argument and clearly wrong as a matter of both principle and regulatory precedent. The simple truth is that SJFLC is fully staffed by St. Vincent's employees and accounted for as a hospital department on St. Vincent's books and records as well as the annual filings it has made with OHCA. *See* Letter from St. Vincent's counsel dated April 1, 2005.

Accordingly, for all the reasons set forth above, there is no merit to St. Vincent's argument that the closure of the SJFLC is exempt from CON review and TSH respectfully urges OHCA to reach the same conclusion. We thank OHCA for the opportunity to present TSH's views on this important issue and please do not hesitate to call me or David Smith at (203) 276-7510 should you have any questions.

Respectfully submitted,



Stephen M. Cowherd

SMC: sc

cc: Brian G. Grissler, President and Chief Executive Officer, TSH (via fax only)
David L. Smith, Senior Vice President, Strategy and Market Development, TSH (via fax only)
Debra R. Cardinali, Esq., Levett Rockwood, Counsel for St. Vincent's (via fax and US Mail)
Karen Roberts, Compliance Officer, OHCA (via fax only)



LEVETT ROCKWOOD

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Attorneys-at-Law

33 RIVERSIDE AVENUE
WESTPORT, CT 06880TEL: (203) 222-0885
FAX: (203) 226-8025

FACSIMILE MESSAGE

To: Commissioner Cristine A. Vogel	Fax: 1-860-418-7053
cc: Susan L. Davis, RN, Ed.D. Steven M. Cowherd, Esq.	Fax: 1-203-576-5345 1-203-259-7900
From: Debra R. Cardinali, Esq.	Date: May 12, 2005
Client No. 78100-000	No. Pages: 2
Re: St. Joseph's Family Life Center, LLC Docket 05-30457-DTR	

Remarks: Please see the attached letter.RECEIVED
2005 MAY 12 PM 3:17
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS



LEVETT ROCKWOOD
P.C.

Attorneys-at-Law

DEBRA R. CARDINALI
dcardinali@levettrockwood.com

DIRECT DIAL
(203) 222-3128

May 12, 2005

Via Facsimile

Commissioner Cristine A. Vogel
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
Hartford, CT 06134-0308

Re: St. Joseph's Family Life Center, LLC
Docket 05-30457-DTR

Dear Commissioner Vogel:

This is to confirm our intention to file with the Office of Health Care Access a response to Attorney Cowherd's May 10, 2005 letter no later than May 18, 2005. On behalf of St. Vincent's Medical Center, we respectfully request that OHCA take no action in this matter until it has received and had an opportunity to review our response.

Respectfully submitted,

Debra R. Cardinali

DRC:mmm
Enclosures

cc: Susan L. Davis, RN, Ed.D.
President and Chief Executive Officer

Steven Cowherd, Esq.

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HEALTH CARE ACCESS

LR

LEVETT ROCKWOOD

P.C.

Attorneys-at-Law

FACSIMILE MESSAGE

33 RIVERSIDE AVENUE
WESTPORT, CT 06880TEL: (203) 222-0885
FAX: (203) 226-8025

To: Commissioner Cristine A. Vogel	Fax: 1-860-418-7053
cc: Susan L. Davis, RN, Ed.D. Steven M. Cowherd, Esq.	Fax: 1-203-576-5345 1-203-259-1070
From: Debra R. Cardinali, Esq.	Date: May 18, 2005
Client No. 78100-0	No. Pages: 9
Re: St. Joseph's Family Life Center, LLC Docket 05-30457-DTR	

Remarks:

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LEVETT ROCKWOOD

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May 18, 2005

VIA FACSIMILE AND FEDERAL EXPRESS

Commissioner Cristine A. Vogel
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: St. Joseph's Family Life Center
Docket No.: 05-30457-DTR

Dear Commissioner Vogel:

This letter provides additional information regarding the Certificate of Need Determination Request ("Determination Request") filed on behalf of St. Vincent's Medical Center ("St. Vincent's") on March 17, 2005 for the closure of St. Joseph's Family Life Center, LLC ("St. Joseph's" or the "Center") and responds to the May 10, 2005 letter to OHCA from counsel to The Stamford Hospital ("Stamford Hospital").

While Stamford Hospital notes "various disagreements" it has with the pending Determination Request, it does not even address the Determination Request itself until paragraph C in the concluding section of its letter. Because consideration of the Determination Request is the *only* issue currently before OHCA, we address that issue first. We will then respond to certain other statements made in Stamford Hospital's letter.

A. St. Joseph's is a Physician Practice that is Not Subject to CON Requirements

The Determination Request respectfully submits that St. Joseph's is not subject to CON requirements under applicable definitions of the CON statutes. Nothing in Stamford Hospital's letter refutes the fact that St. Joseph's is a separate legal entity that is neither a "subsidiary" of St. Vincent's nor an "affiliate" of St. Vincent's within the meaning of Section 19a-630a of the OHCA statutes (which sets forth a "limited definition" of "affiliate" for CON filing purposes). Nor does Stamford Hospital argue that a professional private physician's practice is subject to

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Commissioner Cristine A. Vogel

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May 18, 2005

CON requirements. While Stamford Hospital may oppose a determination that a CON is not required to close the Center, the truth is that Stamford Hospital is unable to deny the factual or statutory basis of the Determination Request.

B. Stamford Hospital's Arguments based on C.G.S. Section 4-181a(b) are Premature

Stamford Hospital argues that C.G.S. Section 4-181a(b) requires that an agency follow the procedure for contested cases whenever a modification of a previously issued final decision is proposed. This reference to C.G.S. Section 4-181a(b) is premature. St. Vincent's has not made an application under C.G.S. Section 4-181a(b) to reverse or modify the Agreed Settlement. Rather, St. Vincent's has asked OHCA to make a preliminary determination as to whether a CON is necessary, pursuant to OHCA's established procedures, based on the nature of the entity operating the Center. Reference to any procedural rights Stamford Hospital may have under C.G.S. Section 4-181a(b) is relevant only if OHCA determines that a CON is in fact necessary.

C. The Background Relating to St. Joseph's Structure Demonstrates that St. Vincent's Did Not Fail to Follow an OHCA Directive

The Agreed Settlement in Docket 98-503 provided that the Center would be a wholly owned subsidiary of St. Vincent's and would seek and hold the license for the Center as an outpatient clinic. St. Vincent's subsequently established St. Joseph's as a private physician practice rather as an entity requiring separate licensure from the Connecticut Department of Public Health ("DPH"). This decision was made in good faith, to enable the Center to devote the greatest possible portion of its limited resources to patient care. The Determination Request provides detail on why this structure was selected. As noted in the Determination Request, in response to a question raised by OHCA, in September 2000 St. Vincent's notified OHCA that a limited liability company that was to operate the clinic was in the final stages of formation. St. Vincent's noted that "[t]his somewhat revised structure was in response to meeting the purpose and mission of the 'Life Center', which is to serve the truly indigent, those individuals who are without or lack the ability to provide payment. A separately licensed outpatient clinic would require expensive overhead and other expenses that would not only utilize funds currently allocated to providing care but would also create an unnecessary burden on the operation of the 'Life Center'." [See Exhibit 4 to Determination Request.] In essence, after the Agreed Settlement, when St. Vincent's took steps to establish the Center, it became clear that the structure outlined in the Agreed Settlement was not necessary nor was it the most efficient way to deliver the services the Center was to provide.

In response to this information, OHCA determined that an amendment to Stipulation 20 of the Agreed Settlement (approving the establishment of the Center) was necessary. OHCA amended Stipulation 20 in the Final Decision dated December 21, 2000 under Docket Number 00-558R (the "2000 Decision"). The 2000 Decision involved an application by Stamford Hospital and Stamford Health System, Inc. to modify the Agreed Settlement in connection with

Commissioner Cristine A. Vogel

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May 18, 2005

Stamford Hospital's ongoing reconfiguration and construction project. St. Vincent's did not participate in the CON modification that resulted in the 2000 Decision.

In Item 16 of the Findings of Fact, the 2000 Decision states that "[i]n reviewing the current standing of the stipulated terms of the agreement under Docket Number 98-503, OHCA has determined that a change is also required to Stipulation #20." In paragraph (c) of Item 16 on page 9 of the 2000 Decision, OHCA correctly states that the limited liability company called "St. Joseph's Family Life Center, LLC" provides care under individual practitioner licenses at the St. Joseph's Family Life Center. However, paragraph (b) of Item 16 on page 8 of the 2000 Decision incorrectly states that the Center would operate as a satellite under St. Vincent's acute care hospital license and as an outpatient department of St. Vincent's. As you are aware, the Center does not operate under St. Vincent's license.

While it is unclear why Item 16 of the Stipulation of Fact in the 2000 Decision is not entirely correct, it cannot be disputed that the change to Stipulation 20 was far removed from the main focus of the 2000 Decision, which was principally concerned with construction modifications for Stamford Hospital. In any event, we believe that the amendment in the 2000 Decision is significant because it reflects OHCA's willingness to amend the Agreed Settlement to accommodate the revised structure that St. Vincent's subsequently determined was preferable for reasons of cost and efficiency. We submit that the willingness of OHCA to amend Stipulation 20 in the Final Decision reflects OHCA's acknowledgment that its directive should recognize the structure that made the most sense for the efficient operation of the Center.

It is not the case, as Stamford Hospital asserts, that St. Vincent's failed to follow OHCA's directive to obtain a separate license for the Center. Rather, St. Vincent's reasonably concluded that obtaining a separate license would have unnecessarily utilized funding that was needed to provide services to the indigent and would have created an unnecessary layer of regulatory compliance. OHCA was informed of this change and, although only a portion of the Finding of Fact correctly describes the operation of the Center, we respectfully submit that St. Vincent's had understood that OHCA had accepted the new legal status of St. Joseph's as a physician's practice.

D. DPH Has Accepted this Structure

While Stamford Hospital states that St. Vincent's request is "strained" and "highly-technical," we note that Connecticut DPH determined that as a private physician practice, St. Joseph's is not required to be separately licensed by DPH or to be operated under a hospital license. We submit that DPH's conclusions about the status of St. Joseph's under the DPH regulatory scheme as a private physician practice is neither "strained" nor "highly-technical" but rather reflect the reality of the way the Center has been operated to maximize available funds for provision of services.

Commissioner Cristine A. Vogel

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May 18, 2005

E. The Center was requested by St. Vincent's, not required by Stamford Hospital, in the Original CON

Stamford Hospital states that it is concerned that a shift in patient volume to its own emergency department promises to dramatically impact the resources of "the City of Stamford's only acute care hospital" and that the Center "was and is an important component of the reconfigured health care delivery system for Stamford that SHS supported in the joint CON proposal and relied upon when entering into the Agreed Settlement." We think it is important to remember that the principal issue addressed by the Agreed Settlement under Docket 98-503 was Stamford Hospital's decision to close St. Joseph's Medical Center ("SJMC") and become the sole acute care hospital in Stamford, and that it was only as a by-product of that decision that the Center was proposed to continue St. Joseph's Catholic mission in Stamford.

Paragraph 4.A of the original Letter of Intent between Stamford Health System, Inc. and St. Vincent's Health Services Corporation [Exhibit C to St. Vincent's Response to OHCA Questions dated April 11, 2005] (the "Letter of Intent") contemplates that SJMC (which at the time was to continue to operate) would, among other things, develop the Center as part of "the continuation of the SJMC Catholic health mission." In the Letter of Intent, it was not even contemplated that the Center would provide medical services. Rather, the Center was to provide "non-medical/community and spiritual services."

Paragraph 1 of the Modification to Letter of Intent [also included in Exhibit C to St. Vincent's Responses to OHCA Questions dated April 11, 2005] (the "Modification") includes Stamford Hospital's acknowledgment and support of the development of the Center "to potentially include the establishment of a dental clinic and medical clinic" (emphasis added). Paragraph 2 of this Modification contains Stamford Hospital's agreement to provide a \$3 million grant to support the perpetuation of the mission of serving the poor and underserved.

In light of this record and the Agreed Settlement itself, it cannot be disputed that the Center was a piece of a much larger CON pursuant to which Stamford Hospital acquired and closed SJMC and built a new facility on the SJMC campus; it was not required by Stamford Hospital as a condition to its closure of SJMC, nor was the original plan for the Center to provide medical services, and Stamford Hospital's commitment to provide \$3 million in funding was not conditioned on the Center providing medical services. Rather, the Center's purpose was to continue St. Joseph's Catholic health mission in Stamford, and its ultimate structure and operation were driven by St. Vincent's.

F. Additional Clarifications

While not relevant to Determination Request itself, certain issues raised in Stamford Hospital's letter require a response.

Commissioner Cristine A. Vogel

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May 18, 2005

i. Use of Funds

St. Vincent's recognizes that the Agreed Settlement provides for the use of Stamford Hospital's \$3,000,000 grant to support the Center. Stamford Hospital's insinuations to the contrary notwithstanding, to date these funds have only been used for the Center. While only a small amount of the original \$3,000,000 remains, St. Vincent's is committed to using remaining funds for the expansion of its Parish Nursing Program in Stamford. St. Vincent's has not responded to Stamford Hospital's oral request for an accounting, as the private agreement between the parties provides St. Vincent's with complete discretion to use the funds for the "poor" and does not provide Stamford Hospital with the right to an accounting. Should OHCA request an accounting, St. Vincent's would be happy to comply.

ii. Communication with Community; Plan of Transition

St. Vincent's has and continues to be open and upfront to the Stamford community about the pending closure of the Center and has also been diligent about ensuring a smooth transition plan for patients at the Center. St. Vincent's has developed the Plan of Transition described in the Determination Request to minimize the impact of the Center's closure and ensure that the needs of the Center's existing patients are addressed. The Stamford Federally Qualified Health Center has indicated to St. Vincent's that it will assist in the transition and can handle patient volume. In addition, AmcriCares Free Clinics, Inc. has indicated to St. Vincent's its desire to provide services in the Stamford community. (We attach as Exhibit 1 a letter from AmeriCares Free Clinics, Inc. regarding its involvement in the transition.) This should address Stamford Hospital's concerns about being required to care for this poor and uninsured population, and should confirm to OHCA that an effective transition plan for these patients is in place.

iii. Discussions between the Parties

We end where Stamford Hospital begins, with reference to prior discussions between the parties. Believing it to be neither relevant nor appropriate to involve OHCA in a "he said/she said" recounting of the details of the conversations between Susan Davis and Brian Grissler regarding the Center, St. Vincent's will simply note that Ms. Davis does not agree with Stamford Hospital's description of either discussion.

* * *

St. Vincent's decision to close St. Joseph's was a difficult one. However, it reflects the reality that St. Vincent's resources should be focused on meeting its obligation to serve a community with significant needs in its own primary service area. Having made a difficult decision, St. Vincent's made its Determination Request to OHCA in good faith because it reasonably understood that the current structure of St. Joseph's, which has been accepted by DPH, had also been accepted by OHCA.

Commissioner Cristine A. Vogel

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May 18, 2005

At this point, St. Vincent's has concerns about initiating its Plan of Transition and meeting its deadline to close the Center by November 29. We believe there is adequate support for OHCA to determine that no CON is necessary to close the Center, and respectfully request that OHCA so conclude so that the closure can proceed in an orderly fashion.

Respectfully submitted,



Debra R. Cardinali

DRC:mmm
Attachment

cc: Susan L. Davis, RN, Ed.D. (by facsimile, w/ attachment)
Stephen M. Cowherd, Esq. (by facsimile and U.S. mail, w/attachment)

EXHIBIT 1



AmeriCares Free Clinics, Inc.
88 Hamilton Avenue
Stamford, CT 06902

tel 203 658 9500
fax 203 658 9612
tel 800 486 4357

Clinic Locations
Norwalk
Danbury
Bridgeport

Susan Davis, RN, PhD
President/CEO
St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

May 17, 2005

Dear Dr. Davis,


This letter is in support of St. Vincent's Medical Center and the recent decision to close St. Joseph's Family Life Center (SJFLC). We understand the allocation of limited resources and the difficult decision recently made to consolidate your efforts in Bridgeport. Given the demand for health care today, we are exceedingly grateful for the support we receive in the form of donated diagnostic testing at our Bridgeport clinic site.

We admire the approach taken by you and your staff by involving the community with this transition. The meetings throughout the last several months demonstrate the concern you have for the clients of the SJFLC. The gathering of key health care providers will most certainly facilitate the transfer of your patient population. It is unfortunate that Stamford Hospital did not participate in this planning process, but we would hope they along with the Stamford Community Health Center, will fulfill their mission to serve the people of Stamford.

We would like to be able to help and are currently seeking a corporate sponsor to provide the necessary funding to allow us to provide limited services in the East End of Stamford. During the planning meetings at SJFLC, we discussed utilizing our mobile medical unit as a referral site, seeing patients in close proximity to the existing SJFLC. We would provide episodic care from our site and refer patients with additional needs and chronic conditions to the Stamford Community Health Center and Stamford Hospital. This approach met with approval at the meeting and support from Stamford Hospital would be key to our success.

As you move forward in your transition plan, AmeriCares will continue to provide the same degree of consultation, planning and support that St. Vincent's has provided to AmeriCares over the years. I wish you well in your quest to bring monies back to Bridgeport to improve access to care to the poor and underserved.

Sincerely,


Karen Gottlieb, RN, MBA
Executive Director
AmeriCares Free Clinics, Inc.



LEVETT ROCKWOOD

P.C.

Attorneys-at-Law

DEBRA R. CARDINALI
dcardinali@levettrockwood.com

DIRECT DIAL
(203) 222-3128

May 18, 2005

VIA FACSIMILE AND FEDERAL EXPRESS

Commissioner Cristine A. Vogel
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

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2005 MAY 19 AM 11:55
OFFICE OF
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Re: St. Joseph's Family Life Center
Docket No.: 05-30457-DTR

Dear Commissioner Vogel:

This letter provides additional information regarding the Certificate of Need Determination Request ("Determination Request") filed on behalf of St. Vincent's Medical Center ("St. Vincent's") on March 17, 2005 for the closure of St. Joseph's Family Life Center, LLC ("St. Joseph's" or the "Center") and responds to the May 10, 2005 letter to OHCA from counsel to The Stamford Hospital ("Stamford Hospital").

While Stamford Hospital notes "various disagreements" it has with the pending Determination Request, it does not even address the Determination Request itself until paragraph C in the concluding section of its letter. Because consideration of the Determination Request is the *only* issue currently before OHCA, we address that issue first. We will then respond to certain other statements made in Stamford Hospital's letter.

A. St. Joseph's is a Physician Practice that is Not Subject to CON Requirements

The Determination Request respectfully submits that St. Joseph's is not subject to CON requirements under applicable definitions of the CON statutes. Nothing in Stamford Hospital's letter refutes the fact that St. Joseph's is a separate legal entity that is neither a "subsidiary" of St. Vincent's nor an "affiliate" of St. Vincent's within the meaning of Section 19a-630a of the OHCA statutes (which sets forth a "limited definition" of "affiliate" for CON filing purposes). Nor does Stamford Hospital argue that a professional private physician's practice is subject to

CON requirements. While Stamford Hospital may oppose a determination that a CON is not required to close the Center, the truth is that Stamford Hospital is unable to deny the factual or statutory basis of the Determination Request.

B. Stamford Hospital's Arguments based on C.G.S. Section 4-181a(b) are Premature

Stamford Hospital argues that C.G.S. Section 4-181a(b) requires that an agency follow the procedure for contested cases whenever a modification of a previously issued final decision is proposed. This reference to C.G.S. Section 4-181a(b) is premature. St. Vincent's has not made an application under C.G.S. Section 4-181a(b) to reverse or modify the Agreed Settlement. Rather, St. Vincent's has asked OHCA to make a preliminary determination as to whether a CON is necessary, pursuant to OHCA's established procedures, based on the nature of the entity operating the Center. Reference to any procedural rights Stamford Hospital may have under C.G.S. Section 4-181a(b) is relevant only if OHCA determines that a CON is in fact necessary.

C. The Background Relating to St. Joseph's Structure Demonstrates that St. Vincent's Did Not Fail to Follow an OHCA Directive

The Agreed Settlement in Docket 98-503 provided that the Center would be a wholly owned subsidiary of St. Vincent's and would seek and hold the license for the Center as an outpatient clinic. St. Vincent's subsequently established St. Joseph's as a private physician practice rather than as an entity requiring separate licensure from the Connecticut Department of Public Health ("DPH"). This decision was made in good faith, to enable the Center to devote the greatest possible portion of its limited resources to patient care. The Determination Request provides detail on why this structure was selected. As noted in the Determination Request, in response to a question raised by OHCA, in September 2000 St. Vincent's notified OHCA that a limited liability company that was to operate the clinic was in the final stages of formation. St. Vincent's noted that "[t]his somewhat revised structure was in response to meeting the purpose and mission of the 'Life Center', which is to serve the truly indigent, those individuals who are without or lack the ability to provide payment. A separately licensed outpatient clinic would require expensive overhead and other expenses that would not only utilize funds currently allocated to providing care but would also create an unnecessary burden on the operation of the 'Life Center'." [See Exhibit 4 to Determination Request.] In essence, after the Agreed Settlement, when St. Vincent's took steps to establish the Center, it became clear that the structure outlined in the Agreed Settlement was not necessary nor was it the most efficient way to deliver the services the Center was to provide.

In response to this information, OHCA determined that an amendment to Stipulation 20 of the Agreed Settlement (approving the establishment of the Center) was necessary. OHCA amended Stipulation 20 in the Final Decision dated December 21, 2000 under Docket Number 00-558R (the "2000 Decision"). The 2000 Decision involved an application by Stamford Hospital and Stamford Health System, Inc. to modify the Agreed Settlement in connection with

Stamford Hospital's ongoing reconfiguration and construction project. St. Vincent's did not participate in the CON modification that resulted in the 2000 Decision.

In Item 16 of the Findings of Fact, the 2000 Decision states that "[i]n reviewing the current standing of the stipulated terms of the agreement under Docket Number 98-503, OHCA has determined that a change is also required to Stipulation #20." In paragraph (c) of Item 16 on page 9 of the 2000 Decision, OHCA correctly states that the limited liability company called "St. Joseph's Family Life Center, LLC" provides care under individual practitioner licenses at the St. Joseph's Family Life Center. However, paragraph (b) of Item 16 on page 8 of the 2000 Decision incorrectly states that the Center would operate as a satellite under St. Vincent's acute care hospital license and as an outpatient department of St. Vincent's. As you are aware, the Center does not operate under St. Vincent's license.

While it is unclear why Item 16 of the Stipulation of Fact in the 2000 Decision is not entirely correct, it cannot be disputed that the change to Stipulation 20 was far removed from the main focus of the 2000 Decision, which was principally concerned with construction modifications for Stamford Hospital. In any event, we believe that the amendment in the 2000 Decision is significant because it reflects OHCA's willingness to amend the Agreed Settlement to accommodate the revised structure that St. Vincent's subsequently determined was preferable for reasons of cost and efficiency. We submit that the willingness of OHCA to amend Stipulation 20 in the Final Decision reflects OHCA's acknowledgment that its directive should recognize the structure that made the most sense for the efficient operation of the Center.

It is not the case, as Stamford Hospital asserts, that St. Vincent's failed to follow OHCA's directive to obtain a separate license for the Center. Rather, St. Vincent's reasonably concluded that obtaining a separate license would have unnecessarily utilized funding that was needed to provide services to the indigent and would have created an unnecessary layer of regulatory compliance. OHCA was informed of this change and, although only a portion of the Finding of Fact correctly describes the operation of the Center, we respectfully submit that St. Vincent's had understood that OHCA had accepted the new legal status of St. Joseph's as a physician's practice.

D. DPH Has Accepted this Structure

While Stamford Hospital states that St. Vincent's request is "strained" and "highly-technical," we note that Connecticut DPH determined that as a private physician practice, St. Joseph's is not required to be separately licensed by DPH or to be operated under a hospital license. We submit that DPH's conclusions about the status of St. Joseph's under the DPH regulatory scheme as a private physician practice is neither "strained" nor "highly-technical" but rather reflect the reality of the way the Center has been operated to maximize available funds for provision of services.

E. The Center was requested by St. Vincent's, not required by Stamford Hospital, in the Original CON

Stamford Hospital states that it is concerned that a shift in patient volume to its own emergency department promises to dramatically impact the resources of "the City of Stamford's only acute care hospital" and that the Center "was and is an important component of the reconfigured health care delivery system for Stamford that SHS supported in the joint CON proposal and relied upon when entering into the Agreed Settlement." We think it is important to remember that the principal issue addressed by the Agreed Settlement under Docket 98-503 was Stamford Hospital's decision to close St. Joseph's Medical Center ("SJMC") and become the sole acute care hospital in Stamford, and that it was only as a by-product of that decision that the Center was proposed to continue St. Joseph's Catholic mission in Stamford.

Paragraph 4.A of the original Letter of Intent between Stamford Health System, Inc. and St. Vincent's Health Services Corporation [Exhibit C to St. Vincent's Response to OHCA Questions dated April 11, 2005] (the "Letter of Intent") contemplates that SJMC (which at the time was to continue to operate) would, among other things, develop the Center as part of "the continuation of the SJMC Catholic health mission." In the Letter of Intent, it was not even contemplated that the Center would provide medical services. Rather, the Center was to provide "non-medical/community and spiritual services."

Paragraph 1 of the Modification to Letter of Intent [also included in Exhibit C to St. Vincent's Responses to OHCA Questions dated April 11, 2005] (the "Modification") includes Stamford Hospital's acknowledgment and support of the development of the Center "*to potentially* include the establishment of a dental clinic and medical clinic" (emphasis added). Paragraph 2 of this Modification contains Stamford Hospital's agreement to provide a \$3 million grant to support the perpetuation of the mission of serving the poor and underserved.

In light of this record and the Agreed Settlement itself, it cannot be disputed that the Center was a piece of a much larger CON pursuant to which Stamford Hospital acquired and closed SJMC and built a new facility on the SJMC campus; it was not required by Stamford Hospital as a condition to its closure of SJMC, nor was the original plan for the Center to provide medical services, and Stamford Hospital's commitment to provide \$3 million in funding was not conditioned on the Center providing medical services. Rather, the Center's purpose was to continue St. Joseph's Catholic health mission in Stamford, and its ultimate structure and operation were driven by St. Vincent's.

F. Additional Clarifications

While not relevant to Determination Request itself, certain issues raised in Stamford Hospital's letter require a response.

i. Use of Funds

St. Vincent's recognizes that the Agreed Settlement provides for the use of Stamford Hospital's \$3,000,000 grant to support the Center. Stamford Hospital's insinuations to the contrary notwithstanding, to date these funds have only been used for the Center. While only a small amount of the original \$3,000,000 remains, St. Vincent's is committed to using remaining funds for the expansion of its Parish Nursing Program in Stamford. St. Vincent's has not responded to Stamford Hospital's oral request for an accounting, as the private agreement between the parties provides St. Vincent's with complete discretion to use the funds for the "poor" and does not provide Stamford Hospital with the right to an accounting. Should OHCA request an accounting, St. Vincent's would be happy to comply.

ii. Communication with Community; Plan of Transition

St. Vincent's has and continues to be open and upfront to the Stamford community about the pending closure of the Center and has also been diligent about ensuring a smooth transition plan for patients at the Center. St. Vincent's has developed the Plan of Transition described in the Determination Request to minimize the impact of the Center's closure and ensure that the needs of the Center's existing patients are addressed. The Stamford Federally Qualified Health Center has indicated to St. Vincent's that it will assist in the transition and can handle patient volume. In addition, AmeriCares Free Clinics, Inc. has indicated to St. Vincent's its desire to provide services in the Stamford community. (We attach as Exhibit 1 a letter from AmeriCares Free Clinics, Inc. regarding its involvement in the transition.) This should address Stamford Hospital's concerns about being required to care for this poor and uninsured population, and should confirm to OHCA that an effective transition plan for these patients is in place.

iii. Discussions between the Parties

We end where Stamford Hospital begins, with reference to prior discussions between the parties. Believing it to be neither relevant nor appropriate to involve OHCA in a "he said/she said" recounting of the details of the conversations between Susan Davis and Brian Grissler regarding the Center, St. Vincent's will simply note that Ms. Davis does not agree with Stamford Hospital's description of either discussion.

* * *

St. Vincent's decision to close St. Joseph's was a difficult one. However, it reflects the reality that St. Vincent's resources should be focused on meeting its obligation to serve a community with significant needs in its own primary service area. Having made a difficult decision, St. Vincent's made its Determination Request to OHCA in good faith because it reasonably understood that the current structure of St. Joseph's, which has been accepted by DPH, had also been accepted by OHCA.

May 18, 2005

At this point, St. Vincent's has concerns about initiating its Plan of Transition and meeting its deadline to close the Center by November 29. We believe there is adequate support for OHCA to determine that no CON is necessary to close the Center, and respectfully request that OHCA so conclude so that the closure can proceed in an orderly fashion.

Respectfully submitted,

A handwritten signature in black ink, reading "Debra R. Cardinali". The signature is written in a cursive, flowing style.

Debra R. Cardinali

DRC:mmm
Attachment

cc: Susan L. Davis, RN, Ed.D. (by facsimile, w/ attachment)
Stephen M. Cowherd, Esq. (by facsimile and U.S. mail, w/attachment)

EXHIBIT 1



AmeriCares Free Clinics, Inc.
88 Hamilton Avenue
Stamford, CT 06902

tel 203 658 9500
fax 203 658 9612
tel 800 486 4357

Clinic Locations
Norwalk
Danbury
Bridgeport

Susan Davis, RN, PhD
President/CEO
St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

May 17, 2005

Dear Dr. Davis,


This letter is in support of St. Vincent's Medical Center and the recent decision to close St. Joseph's Family Life Center (SJFLC). We understand the allocation of limited resources and the difficult decision recently made to consolidate your efforts in Bridgeport. Given the demand for health care today, we are exceedingly grateful for the support we receive in the form of donated diagnostic testing at our Bridgeport clinic site.

We admire the approach taken by you and your staff by involving the community with this transition. The meetings throughout the last several months demonstrate the concern you have for the clients of the SJFLC. The gathering of key health care providers will most certainly facilitate the transfer of your patient population. It is unfortunate that Stamford Hospital did not participate in this planning process, but we would hope they along with the Stamford Community Health Center, will fulfill their mission to serve the people of Stamford.

We would like to be able to help and are currently seeking a corporate sponsor to provide the necessary funding to allow us to provide limited services in the East End of Stamford. During the planning meetings at SJFLC, we discussed utilizing our mobile medical unit as a referral site, seeing patients in close proximity to the existing SJFLC. We would provide episodic care from our site and refer patients with additional needs and chronic conditions to the Stamford Community Health Center and Stamford Hospital. This approach met with approval at the meeting and support from Stamford Hospital would be key to our success.

As you move forward in your transition plan, AmeriCares will continue to provide the same degree of consultation, planning and support that St. Vincent's has provided to AmeriCares over the years. I wish you well in your quest to bring monies back to Bridgeport to improve access to care to the poor and underserved.

Sincerely,


Karen Gottlieb, RN, MBA
Executive Director
AmeriCares Free Clinics, Inc.



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

May 19, 2005

Debra R. Cardinali, Esq.
Levett Rockwood, P.C.
33 Riverside Avenue
Westport, CT 06880

RE: Certificate of Need Determination; Report Number 05-30457-DTR
Closure of St. Joseph's Family Life Center in Stamford

Dear Attorney Cardinali:

On March 18, 2005, the Office of Health Care Access ("OHCA") received a request for a Certificate of Need Determination from St. Vincent's Medical Center ("SVMC" or "Hospital"). SVMC is requesting a determination regarding its plan to close the St. Joseph's Family Life Center, LLC ("SJFLC" or "Center") located in Stamford, Connecticut. Additional information was filed in this matter, as requested by OHCA, on April 11, 2005. OHCA has reviewed the matter and finds the following pertinent facts:

1. St. Vincent's Medical Center, an acute care general hospital located at 2800 Main Street in Bridgeport, is a health care facility or institution pursuant to Section 19a-630 of the Connecticut General Statutes.
2. SVMC intends to close SJFLC at the expiration of a sublease on November 29, 2005.
3. In the March 18, 2005 CON Determination request the Hospital indicates that following:
 - a. On December 1, 1995, St. Vincent's Development, Inc. (a sister corporation of SVMC) entered into a Sublease Agreement to lease the premises at 587 Elm Street in Stamford. This sublease terminates on November 30, 2005. St. Vincent's Development has no option to renew this sublease. The leased space covered by this sublease was subsequently subleased by Stamford Health System ("SHS"), which is currently the primary obligor under the sublease. Pursuant to agreements between SVMC and SHS, SHS subleases the space to the Center for an annual rent of \$1.00 per year.

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- b. As a *"significant part of the consideration paid by SHS (Stamford Health System) for the purchase of St. Vincent's ownership interest in Saint Joseph's Hospital and in connection with other arrangements between the parties, SHS provided \$3,000,000 to St. Vincent's to be used in St. Vincent's discretion, to support the mission of serving the poor and underserved. St. Vincent's has been using these funds to offset the costs of operating the Center although the use of these funds is not limited to this purpose."*
 - c. The Center provides basic health screening, school and pre-employment physicals, health education and primary care services to indigents (primarily immigrants) in the Stamford community, principally those with no health insurance."
 - d. SVMC indicates that the Center *"was established as a professional limited liability company, nominally owned by a physician employed by SVMC. As a limited liability company, physicians would provide services under their individual licenses rather than under a hospital license."*
 - e. The Center currently employs a full-time Executive Director, 1.5 FTE Advanced Practice Nurses, a 20 hour/week Intake Case Management Worker, 1 FTE Clerk Registrar, a half-time Parish Nurse Coordinator, and a ten-hour/week Medical Director/Advisor. All patients seen at the Center are uninsured and/or undocumented and not eligible for any state or federal entitlement programs.
 - f. The Center has medical records for 3,200 patients, and of these, 350 patients are regular patients.
 - g. The Center receives limited income and has operated at a loss since its inception. The Center's annual operating costs are approximately \$400,000, which includes about \$350,000 for salaries and benefits. To cover its losses, SVMC has *"utilized both principal and interest of the \$3,000,000 provided by SHS"*.
 - h. SVMC is expanding its Parish Nurse Program. This program locates nurses in a parish to provide basic medical screening and health education services to members of that parish.
4. In correspondence filed by SVMC as part of the FY 1999 Annual Reporting filing, SVMC indicates that the Center is a satellite outpatient department of the Hospital and that the Center is not a separate legal organization and its operations are treated in the same manner as all of the Hospital's other departments. (Source: June 20, 2000 letter to OHCA from Roger Sliby of SVMC)
5. In the SVMC Annual Reporting filings to OHCA, including the latest one filed in March of 2005 for fiscal year ending 9/30/2004, SVMC continues to report St. Joseph Family Life Center as a Department of the Medical Center.

6. In the April 11, 2005 response to questions, the Hospital indicates the following:

- a. St. Joseph's Family Life Center, LLC is not listed as a satellite of SVMC on SVMC's license.
- b. SJFLC is treated as a department of SVMC for accounting and bookkeeping purposes. The department activity consists only of operating expenses and miscellaneous fees and does not include any volume statistics, patient revenues, free care or bad debts. Expenses include salaries, which are paid by SVMC for payroll processing convenience.
- c. Each month, revenue equal to total expenses is recorded to recognize assets released from restricted funds set aside for SJFLC. The net result is "zero" to total income from operations.
- d. Theresa Kryspin, M.D., the current holder of 100% of the membership interest in SJFLC is an employee of SVMC, who allocates certain of her time to SJFLC. The other employees who provide services to SJFLC are employees of SVMC who are dedicated full time to SJFLC.
- e. Expenses for salaries that SVMC pays to these employees is charged back to SJFLC, and revenue equal to these expenses is recorded to recognize assets released from restricted funds set aside for SJFLC.
- f. The following is from the Limited Liability Company Operating Agreement of St. Joseph's Family Life Center, LLC, provided in the April 11, 2005 filing:
 - i. SVMC oversees "*management of the Company by appointing the Manager of the Company and electing the members of the Governing Board of the Company.*"
 - ii. The original member of SJFLC, Dr. Michael H. Summerer, was or is "*the Vice President of Medical Affairs of the Medical Center and part of his employment responsibilities include becoming the sole Member of the Company.*"
 - iii. Any members of SJFLC "*shall be Physicians employed at the Medical Center*".
 - iv. The Governing Board of SJFLC "*shall consist of from three to six persons selected from time to time by the Board of Directors of the Medical Center.*" The Governing Board approves Fundamental Decisions of the SJFLC and chooses and has control over the removal of any Manager of the SJFLC.

- v. Fundamental Decisions which are under the control of the Governing Board include:
1. Change of location or terms of lease agreements;
 2. Admit new Members or assign membership interest;
 3. Modify the Operating Agreement;
 4. Incur major capital expenditures or make commitments to incur expenses;
 5. Make material changes in the nature of the SJFLC business;
 6. Enter into medical, business or investment ventures;
 7. Dissolve the Company;
 8. Sell, exchange, lease mortgage or pledge assets;
 9. Cause SJFLC to be merged with or into other entity;
 10. Incur any indebtedness other than trade payables; and
 11. Make any distributions to Members.
- vi. No member of SJFLC other than a Manager or member of the Governing Board in such person's capacity as such, *"shall take part in the management or conduct of the Company's business or have authority to bind the Company."*
- vii. No member of SJFLC may Transfer all, or any portion of, or any rights in, the Membership Interest of such Member, except with the prior written consent of the Governing Board, which may be granted or withheld in its sole discretion.
- viii. In an October 29, 2004 letter from SVMC to the current sole member of SJFLC, LLC, Dr. Theresa Kryspin, the following is states as Dr. Kryspin's *"fiduciary responsibilities to the Medical Center as a Member of St. Joseph's"*:
1. Dr. Kryspin, as sole member of SJFLC cannot transfer, pledge or encumber her membership interest without consent of the Governing Board of SJFLC and SVMC.
 2. Dr. Kryspin, as sole member of SJFLC waives any rights to receive distributions from SJFLC and agrees to accept only reasonable compensation for services rendered to SJMC and SJFLC.
 3. Upon any termination of employment with SVMC, SVMC will immediately have the sole right to designate the transferee of the Stock.

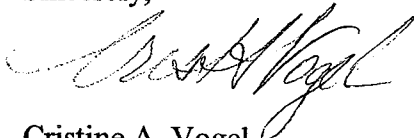
From the detailed review undertaken by OHCA in this matter, OHCA determines that the services offered by and at the entity, St. Joseph Family Living Center, LLC., are fully under the control of St. Vincent's Medical Center and that despite the structure created by St. Vincent's Medical Center for the operation of this entity, it appears to operate as a department of the Hospital and under full control of the Hospital.

Therefore, OHCA hereby determines that any termination of the services offered at and by St. Joseph Family Living Center, LLC is a termination of services for St. Vincent's Medical Center, a health care facility or institution. As such, Certificate of Need authorization from OHCA is required in this matter.

OHCA considers the submission of information received on March 18, 2005 as the Letter of Intent for this matter; therefore St. Vincent's Medical Center may file a completed CON application with OHCA between May 17, 2005, and July 16, 2005. The CON application is being mailed to your attention separately.

If you have any questions regarding the above, please contact Karen Roberts, OHCA Compliance Officer at (860) 418-7041.

Sincerely,



Cristine A. Vogel
Commissioner

Copy: Rose McLellan, Licensing Examination Assistant, DHSR, DPH
Kimberly Martone, Supervisor, Certificate of Need, OHCA



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OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: Debra Cardinali Esq
FAX: 203-226-8025
AGENCY: Levett Rockwood
FROM: Karen Roberts
DATE: 5/9/05 Time: _____
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Comments:

Docket # 05-30457-DTR

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TO:
Hon. Cristine A. Vogel

FACSIMILE NO.:
(860) 418-7053

CC:

FACSIMILE NO.:

FROM:
Stephen M. Cowherd

DATE:
5/20/2005

RE:
St. Joseph's Family Life Center
Docket No.: 05-30457-DTR

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May 20, 2005

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**Re: Proposed Closure of St. Joseph's Family Life Center in Stamford
Certificate of Need Determination, Docket No.: 05-30457-DTR**

Dear Commissioner Vogel:

This letter is written on behalf of The Stamford Hospital ("TSH") and responds to St. Vincent's correspondence of May 18, 2005. The overarching concern of the Office of Health Care Access ("OHCA") in this matter should be that access to medical services be maintained for 1,250 uninsured patients currently being served by the St. Joseph's Family Life Center ("SJFLC"). As stated in TSH's earlier letter, St. Vincent's has no factual or statutory basis for terminating the clinic's services without full Certificate of Need ("CON") review for the following reasons:

- OHCA has never removed the SJFLC from the Stipulations of the Agreed Settlement and CON authorization it issued under Docket No. 98-503. That proceeding was a contested case. Accordingly, the modification of the Agreed Settlement that St. Vincent's is proposing requires notice to the other parties to the Agreed Settlement and a public hearing. This is a requirement of Connecticut's Administrative Procedure Act that is wholly independent of OHCA's CON jurisdiction and not, as St. Vincent's contends, a process contingent upon a finding that a CON is needed. Moreover, St. Vincent's cannot assert that recourse to TSH's procedural rights under C.G.S. §4-181a(b) is premature when the basis for its CON Determination Request is its desire to close the SJFLC – an act that will change the conditions of, and modify the Agreed Settlement.

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
May 20, 2005
Page 2

- OHCA has never acknowledged nor authorized a change of ownership or control for SJFLC that would permit it to operate as a private physician practice exempt from the termination of service requirements of C.G.S. §19a-638(a)(3). Instead, OHCA's regulatory treatment of the SJFLC has been consistent with what the facility really is – an outpatient clinic operated and controlled by an acute care hospital fully subject to the agency's CON jurisdiction. St. Vincent's role in seeking this CON Determination and the content of its annual filings with OHCA describing the SJFLC as a hospital department, also confirm the fact that the SJFLC is not a private physician practice.
- The SJFLC is a creature of a CON Application submitted by two hospitals and a validly authorized Agreed Settlement. The decisions as to whether and when the SJFLC's services should terminate go to the heart of OHCA's authority to oversee the health care needs of Connecticut residents and regulate the delivery system through the CON process. However, St. Vincent's suggests in its latest submission that the Connecticut Department of Public Health's ("DPH") "conclusions" about the status of the SJFLC should be followed by OHCA. The precise conclusions that St. Vincent's is referring to are unclear as there are no DPH documents in the record. Nonetheless, DPH's views on the SJFLC would not be binding on OHCA in this proceeding as that agency has no statutory authority to grant waivers of CON.

TSH wishes to make clear that it has intervened in this CON Determination not because it is critical of St. Vincent's decision to structure the SJFLC as a captive limited liability company in order to reduce overhead and other expenses. The key point of disagreement between the parties is that TSH opposes St. Vincent's attempt to dictate the closure of an important health resource in the Stamford community that both hospitals helped establish and have jointly supported for the past seven years. Any decision to terminate the services of the SJFLC will have a fundamental affect on TSH's service area as well as its rights and privileges under the Agreed Settlement. Clearly, TSH and other interested community members should have the opportunity to be heard before OHCA rules on such an important issue.

St. Vincent's letter states that the SJFLC was only a "byproduct" of a larger CON to reconfigure health services in Stamford and intimates that the Letter of Intent that the two hospitals entered into in 1998 is somehow reflective of its unilateral right to close the clinic. However, TSH believes that the more than 5,010 patients who have been cared for by the SJFLC since its inception (*see attached Stamford Advocate article dated May 7, 2005*) would agree that the clinic plays far more than an incidental role in Stamford's health care delivery system. TSH also rejects the notion that the parties' original Letter of Intent can somehow override the ultimate Agreed Settlement and vest St. Vincent's with the right to close the clinic without allowing TSH any say in the matter.

Hon. Cristine A. Vogel
Commissioner
Office of Health Care Access
May 20, 2005
Page 3

As stated in its previous letter of May 10, 2005, TSH stands ready to continue its present funding obligation to the SJFLC and share in any relocation expenses that may be necessary to keep the clinic in operation. This is certainly an option that OHCA should consider in the context of a full and fair CON hearing as St. Vincent's latest letter does not ensure that the needs of all the 350 high-risk cases and 900 other patients who currently utilize the SJFLC will be met once the clinic closes.¹

In conclusion, TSH restates its objection to St. Vincent's Determination Request that no CON is needed to close the SJFLC on the basis that such a determination is unsupported by both law and fact. The SJFLC was created pursuant to a CON authorized by OHCA in a contested case and it is through that same due process forum that any decision regarding its ability to continue serving the Stamford community in the future should be made.

Respectfully submitted,



Stephen M. Cowherd

SMC: sc

Enclosure

cc: Brian G. Grissler, President and Chief Executive Officer, TSH (via fax only)
David L. Smith, Senior Vice President, Strategy and Market Development, TSH (via fax only)
Debra R. Cardinali, Esq., Levett Rockwood, Counsel for St. Vincent's (via fax and US Mail)
Karen Roberts, Compliance Officer, OHCA (via fax only)

¹ On this point, TSH notes that the letter from AmeriCares Free Clinics that St. Vincent's attached to its submission makes clear that this provider could at best be expected to provide "episodic" care to patients while referring those with additional needs or chronic conditions to the Stamford Community Health Center and TSH facilities which are already heavily utilized. While AmeriCares willingness to assist the uninsured and indigent is commendable, its commitment certainly does not amount to an adequate transition plan for 1,250 patients.

Nurse practitioner Nadine Seltzer takes Grace La Mota's blood pressure during a visit this week to St. Vincent's Medical Center in Stamford. La Mota, a Stamford resident who does not have insurance, uses the services of the clinic to treat her type-2 diabetes. Andrew

Meeting the need

Stamford center cares for the uninsured

By Christiana Sciaudone
Staff Writer

STAMFORD — Grace La Mota, 42, was feeling weak, lethargic and could barely stand to leave her South End apartment.

She knew something was wrong and her teenage son and daughter urged her to see a doctor.

Without insurance, she was afraid she could not afford treatment.

A neighbor suggested taking La Mota to St. Joseph's Family Life Center on Elm Street, just a few blocks away.

There, La Mota was given insulin and diagnosed with adult-onset type-2 diabetes, free of charge.

The center, which was established six years ago with the closing of St. Joseph's Hospital, provides care without charge to the uninsured and indigent.

La Mota is one of tens of millions of uninsured people living in the United States, according to the U.S. Census Bureau, and events across the country high-

lighted their plight this week during Cover the Uninsured Week.

St. Vincent's Medical Center in Bridgeport oversees the center and pays for operations while Stamford Health Systems pays the rent on the storefront office, said Sister Clair Edwards, executive director of St. Joseph's.

Edwards said years ago a survey of the community found that "there was a large need in this area for medical services for the indigent and uninsured."

Since its inception, the center has cared for 5,010 patients in nearly 13,000 visits.

Please see **CENTER**, Page A6

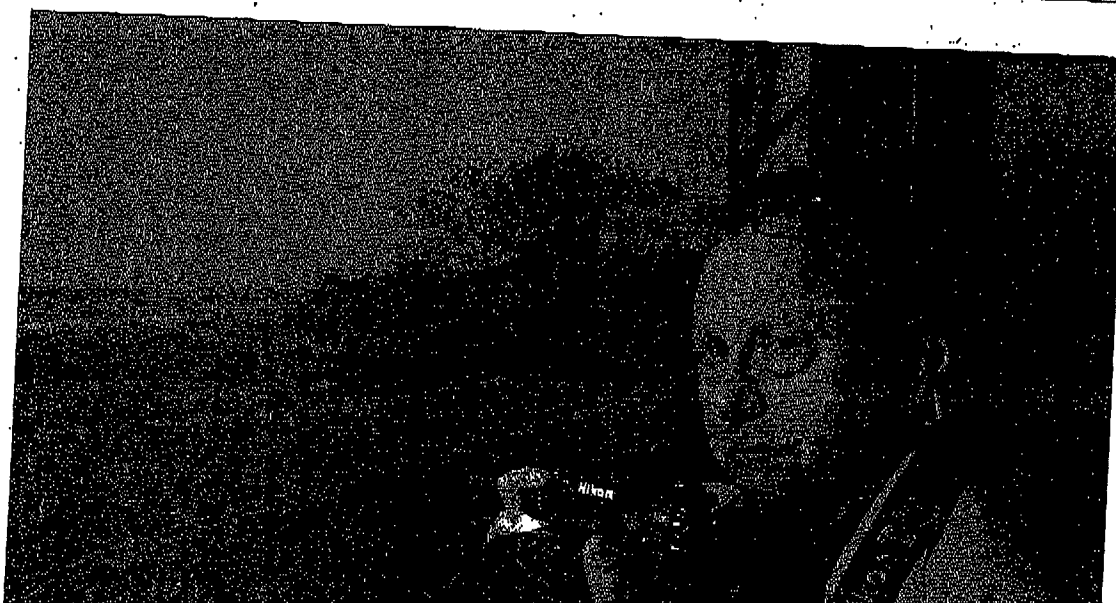
Sister Joan Bernard, a massage therapist and Dominican nun, performs therapy this week on Yves Pierre, a patient at St. Joseph's Family Life Center. The center provides care without charge to the uninsured and indigent. Over the past week, events across the country observed Cover the Uninsured Week.



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Staff Writer
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During warmer months at the gatehouse, Drexler passes the hulls in his job of checking beach passes, by reading books or taking photographs.

After a car whizzed by, Drexler said his one problem with his job at Greenwich Point is that some people drive too fast in the park.

Milt Drexler has captured many of nature's creatures at his post at Greenwich Point, such as his photograph of this rabbit.

Bob Luckey Jr./Staff photo

"It's disgraceful that people go too fast," said Drexler, who also does repairs one day a week at the Stamford Museum and Nature Center's Heckscher Farm. "Nobody has been hurt yet, but someday somebody might be."

Drexler said one of his favorite spots to photograph is Eagle Pond, a landlocked pool in the southeast corner of the park where an egret has taken up residence on the head of a bronze eagle statue on an islet. He uses a blind to conceal himself when he photographs birds.

"Otherwise, they wouldn't stand still for these pictures," Drexler said.

Drexler keeps the photos in a heavy binder along with pictures taken on trips he and his wife, Marion, have made to Mexico, the Midway Islands and Antarc-

"I'm a retired schoolteacher, and I don't do this for the money. I do this to be here in a place of peace."

Milt Drexler

Part-time gatekeeper at Greenwich Point

tica. He occasionally gives slide presentations from their travels at The Mews and other assisted living facilities.

Drexler and his wife have traveled on all seven continents, sometimes on working vacations with historical preservation or environmental groups. He pointed out the blue portions of icebergs in his Antarctic photos, explaining the color appears because the ice is very old and

very compacted.

"But there are a lot of amazing places in America, too," he said.

Drexler said he hopes to travel next to Cambodia to photograph Ankor Wat, a ruined city, but for now he is looking forward to capturing another season of pastoral beauty at the park.

"I'm a retired schoolteacher, and I don't do this for the money," Drexler said. "I do this to be here in a place of peace."

Center

Continued from Page A3

Edwards said. Edwards estimated that 60 percent of clients were Hispanic; 30 percent Haitian; and 10 percent varied from India to Poland.

Most find the place through word of mouth. Most come for hypertension, diabetes, headaches and abdominal pain.

"These people are almost invariably grateful," Edwards said. "They don't have an entitlement attitude," that many Americans have. Most give donations when they can, though they average only about \$20.

Upon arrival, patients are interviewed by a social worker to determine if they can get any insurance. If not, they are registered.

The center has a modest staff that includes full-time and part-time nurse practitioners; a medical director and social worker. Isabel Low serves as a translator, receptionist, plumber and recorder-keeper all in one. Low speaks French and is able to communicate with some of the

Caring for all

■ St. Joseph's Family Health Center, since opening in 1994, has been a place where patients from all backgrounds and ethnicities find care.

■ Most clients come to the St. Joseph's Family Health Center for hypertension, diabetes, headaches and abdominal pain.

■ The clinic, which was established in 1994, has been a place where patients from all backgrounds and ethnicities find care.

Grants also have provided for a twice-a-week chiropractor and once-a-week masseuse.

Free prescription drugs can be given to citizens or legal residents through indigent programs supported by manufacturers. The center also buys \$12,000 worth of antibiotics, pain relievers and other drugs a year, but otherwise, patients must fend for themselves.

La Mota, who hails from Ecuador, was in the office Wednesday to pick up some medicine. She could not afford her insulin initially, so a women's group based in Darien helped her.

Seltzer, who has worked at St. Joseph's from the beginning, is the nurse practitioner who treated La Mota.

La Mota also is deaf, and translations can be challenging. She signs only in Spanish, which her children and mother can understand, and use to speak to the nurses.

"It's a challenge, but we manage to communicate," Seltzer said.

Haitian patients.

The center refers patients to community doctors who offer discounted services, said Nadine Seltzer, nurse practitioner.

Awards

Greg Luque, formerly of Fairfield, CT and currently of Sarasota, FL; his beloved daughter, Jennifer Lund Rippon and son-in-law Steve Rippon, of Chandler, AZ; and beloved grandchildren, Skye T. Luque, Heather T. Luque, Jonathan P. Lund, Jeffrey P. Lund, Jacqueline M.L. Rippon and step-grandchild Tolley J.A. Rippon.

He is also survived by a sister, Marilyn Lund, and a brother, Maynard Lund, as well as numerous Lund in-laws and nieces and nephews. He is predeceased by his parents, Perley and Christine Lund, and five sisters, Regina Lund, Beverly Sipe, Audrey Mercer, Marjorie Neary, and Arline Lund Gerbrands.

He was also very close with his in-laws Wilson and Barbara McCord, Sheila McCord Goldman and Joe Goldman, and Ailsa-Jean McCord Illigasch and Joe Illigasch, and his numerous nieces and nephews.

A gathering of family and friends to share remembrances and to celebrate Philip's life will be held on Saturday, June 11th. Family and friends may contact

John Lund at 303-564-8245.